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Report of the Comptroller

VIRGINIA

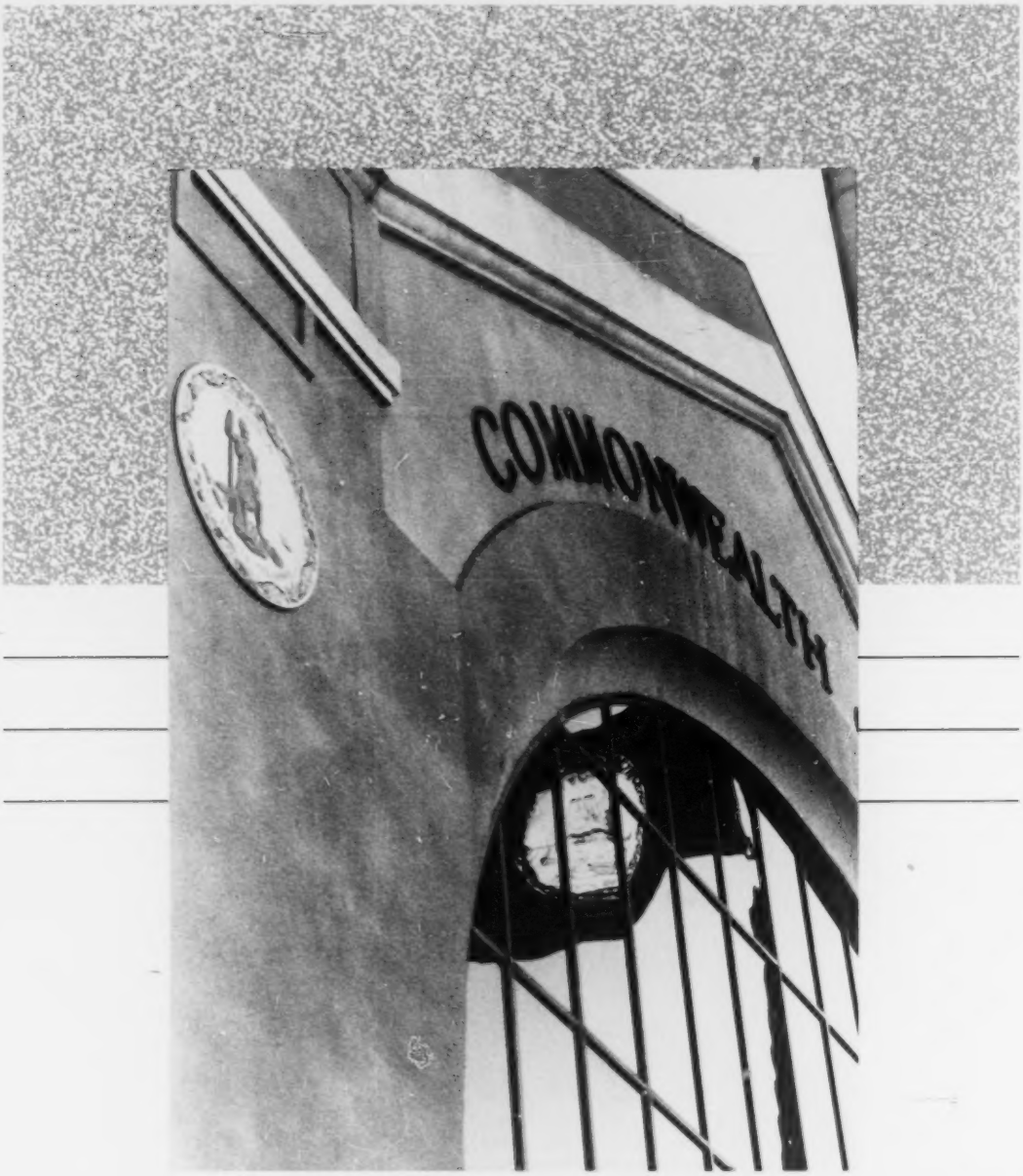
A Comprehensive Annual Financial Report for the Year
Ended June 30, 1991

Report of the Comptroller to the Governor of Virginia — A Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1991

Lawrence Douglas Wilder
Governor

Paul W. Timmreck
Secretary of Finance

Edward J. Mazur
Comptroller


COMMONWEALTH

Pictorial Theme of Report — Fiscal Accountability and Financial Management in Virginia

The names of America's corporate giants quickly evoke thoughts of diversified activities, tens of thousands of workers, widespread facilities, technical complexity, and advanced sophistication in communications, management, and financial operations. There is another enterprise that regularly exhibits the characteristics that are comparable to those of America's corporate giants. That is Virginia's State government.

Virginia, with total revenues of $12.8 billion in fiscal year 1991, is as large as the 34th largest United States industrial corporation, based on a comparison of annual revenues published for 1990 by *Fortune* magazine. Our State government is as large as the 45th largest United States industrial corporation, based on its average of 96,640 full-time employees and an equivalent of 10,260 part-time employees, for the current fiscal year.

The complexity and diversity of the Commonwealth is nothing short of remarkable. Construction projects using state-of-the-art techniques, medical research on the leading edge, financing programs for education and homes, institutions for the desperately sick, museums with priceless treasures, and management of our State forests are but several of the hundreds of diverse, sophisticated, important, and often essential activities carried out by Virginia's State government each day.

In a democracy, citizens do not buy governmental services. They share their resources through a taxing system established by law, with the fair expectation that certain needs of their neighbors and of themselves will be met in a responsible manner. Two hundred years ago, most Virginians lived around a common square, or along the State's river byways. The way in which their contributions of income and other resources produced efforts on behalf of the common good was easy for them to see.

Today, we are over six million strong, and live in every urban, suburban, and rural area of the State. Our own careers and work activities more than mirror the diversity of the State's own activities. Our various tax payments are allocated through legislative processes and executive actions to support the many activities of State government. The direct relationship between tax revenue and government activity is something that is often difficult for the average citizen to see.

All activities of the State to gather tax revenues, and to expend them on the diverse activities of the State, are eventually represented in financial terms. The accumulation and reporting of dollars and cents statistics end up being the mathematical representation of a whole host of State activities. How well the Commonwealth accounts for the accumulation and use of taxpayer revenues can greatly affect the credibility assigned to State government activities by the citizens of Virginia.

It has been a hallmark of Virginia's State government from its inception, that its governor, legislators, and other statewide elected officials have placed great emphasis on the importance of fiscal accountability and financial management. The Secretary of Finance and the Departments of Accounts, Planning and Budget, the State Internal Auditor, Taxation, and the Treasury, are all charged, within the Executive Branch, with maintaining the highest levels of fiscal accountability and financial management. They are directly aided by financial officers and fiscal personnel within the approximately 160 agencies and institutions of the Commonwealth, as well as by the Auditor of Public Accounts, and his staff, representing the involvement of the Legislature.

The pictorial theme of this year's annual report illustrates many of the day-to-day activities that go on in support of fiscal accountability and financial management. This pictorial theme is accompanied by a special report on fiscal accountability and financial management in the Commonwealth of Virginia.

Table of Contents

Page

Introductory Section

Comptroller's Letter of Transmittal and Management Summary 2
Financial Highlights 10
Certificate of Achievement for Excellence in Financial Reporting 12
The Virginia Economy 14
Special Report on Fiscal Accountability and Financial Management 18
Organization of Government 26
Department of Accounts — Organization Chart 28

Financial Section

Independent Auditor's Report 30

General Purpose Financial Statements

Combined Balance Sheet — All Fund Types and Account Groups 32
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — All Governmental Fund Types and Expendable Trust Funds 34
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis — General and Special Revenue Funds 36
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances — All Proprietary Fund Types and Similar Trust Funds 38
Combined Statement of Cash Flows — All Proprietary Fund Types and Nonexpendable Trust Fund 40
Combined Statement of Changes in Fund Balances — Higher Education Fund 42
Combined Statement of Current Funds Revenues, Expenditures, and Other Changes — Higher Education Fund 44
Notes to the Financial Statements 45

Required Supplementary Information

Analysis of Funding Progress for Defined Pension Benefit Plan(s) 74

Combining and Individual Fund Statements

Special Revenue Funds 76
Combining Balance Sheet 78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 80
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis 82
Enterprise Funds — State and Public Benefit Corporations 86
Combining Balance Sheet 88
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings 90
Combining Statement of Cash Flows 92

Page

Financial Section *(continued)*

Internal Service Funds 97
Combining Balance Sheet 98
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings 100
Combining Statement of Cash Flows 102
Trust and Agency Funds 106
Combining Balance Sheet 108
Combining Statement of Revenues, Expenses, and Changes in Fund Balances — Pension Trust Funds 110
Combining Statement of Changes in Assets and Liabilities — All Agency Funds 112
General Fixed Assets Account Group 114
Schedule of General Fixed Assets by Source 115
Schedule of General Fixed Assets by Function 116
Schedule of Changes in General Fixed Assets by Function 116
Higher Education Fund 117
Combining Balance Sheet 118

Statistical Section

Ten-Year Schedule of Revenues — Budgetary Basis — All Funds by Source 122
Ten-Year Schedule of Expenditures — Budgetary Basis — All Funds by Function and Object 123
Nine-Year Schedule of Revenues — Budgetary Basis — General Governmental Revenues by Source 124
Five-Year Schedule of Expenditures — Budgetary Basis — General Governmental Expenditures by Function and Object 125
Computation of Legal Debt Limit and Margin 126
Ratio of General Obligation Bonded Debt Per Capita 127
Ratio of State General Obligation and 100% State Appropriation Supported Bonded Debt Per Capita 127
Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Expenditures — All Governmental Fund Types 128
Schedule of Revenue Bond Coverage — General Long-Term Debt 129
Schedule of Revenue Bond Coverage — Public Benefit Corporations 129
Schedule of Revenue Bond Coverage — Higher Education Long-Term Debt 130
Schedule of Bank Deposits 130
Schedule of Demographic Statistics 131
Schedule of Miscellaneous Statistics 131
Employees of the Department of Accounts 132

Graphic Illustrations

	Page
Figure 1 — General Fund Balance — Budgetary Basis — Highlighting the Undesignated Fund Balance	3
Figure 2 — Analysis of General Fund Revenue (Budgetary Basis)	4
Figure 3 — Analysis of General Fund Expenditures by Function (Budgetary Basis)	4
Figure 4 — Analysis of General Fund Balance — Budgetary Basis versus Modified Accrual Basis	5
Figure 5 — General Fund — Revenue Dollar	10
Figure 6 — General Fund — Expenditure Dollar	10
Figure 7 — All Funds — Revenue Dollar	11
Figure 8 — All Funds — Expenditure Dollar	11
Figure 9 — Annual Growth Rates of Personal Income	14
Figure 10 — Per Capita Personal Income	14
Figure 11 — Virginia Nonagricultural Wage and Salary Employment	15
Figure 12 — Annual Growth of Nonagricultural Employment	15
Figure 13 — Annual Percentage Change in Nonagricultural Employment	16
Figure 14 — Virginia Nonagricultural Employment Annual Growth by Area	16
Figure 15 — Unemployment Rate	17
Figure 16 — Defense Contract Awards in Virginia	17
Figure 17 — U.S. and Virginia Building Permits	17
Figure 18 — Taxable Sales in Virginia	17
Organization of Government	26
Department of Accounts — Organization Chart	28
Special Revenue Funds Revenues and Expenditures	77

INTRODUCTORY SECTION

Comptroller's Letter of Transmittal and Management Summary
Financial Highlights
Certificate of Achievement for Excellence in Financial Reporting
The Virginia Economy
Special Report on Fiscal Accountability and Financial Management
Organization of Government
Department of Accounts —Organization Chart

COMMONWEALTH of VIRGINIA

Office of the Comptroller

EDWARD J. MAZUR, C.P.A.
COMPTROLLER

P.O. BOX 6-N
RICHMOND, VIRGINIA 23215

November 30, 1991

The Honorable Lawrence Douglas Wilder
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor Wilder:

I am pleased to transmit this report on the financial condition of the Commonwealth for the fiscal year ended June 30, 1991, in accordance with Section 2.1-207 of the *Code of Virginia*.

This comprehensive annual financial report, which has earned an unqualified audit opinion, conforms with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB). The management of the Department of Accounts is responsible for the accuracy, integrity, and objectivity of the financial statements and other information presented.

Data presented in this report is accurate in all material respects, and all disclosures necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

Organization of Report

The report is divided into three sections:

- The **Introductory Section** includes financial highlights, special reports on Virginia's economic condition and its financial management, and an organizational overview of State government and the Department of Accounts.
- The **Financial Section** contains the independent auditor's report, the general purpose financial statements, the combining and individual fund statements, and the account group statements and schedules.
- The **Statistical Section** highlights selected financial and demographic information, with an emphasis on multi-year trends.

The remainder of this letter highlights the Commonwealth's financial results, and provides an overview of some of the fundamental concepts and policies affecting the financial statements.

General Fund Condition — Budgetary Basis

The overall financial condition of the Commonwealth is best represented by the General Fund. Virginia uses the cash basis of accounting for budgetary purposes. Revenues and expenditures are recorded at the time cash is actually received or disbursed according to the provisions of the Appropriations Act. This report presents the budgetary basis financial activity of the General Fund in the General Purpose Financial Statements of the Financial Section.

General Fund revenues exceeded fiscal year 1991 estimates by $51.5 million. This was mainly the result of significant, conservative measures taken to reduce the official revenue estimates during a recessionary period. In addition, lottery sales were greater than anticipated, resulting in higher profits and an increase in the required transfers to the General Fund. Lottery profits exceeded estimates by $22.6 million.

To offset the reduction in revenue estimates, the Commonwealth instituted major decreases in the operating budgets of State agencies and institutions. A positive impact was also made on the budgetary process through revisions to the assumptions underlying the calculation of transfers from the Virginia Retirement System, and by additional transfers from other Non-General Funds which had not been made in previous years. Additionally, Project Streamline, an important initiative to improve the productivity of State government and reduce administrative expenses, was implemented by the Governor. These measures enabled the Commonwealth to meet all obligations for the fiscal year and to pay all bills on a current basis.

General Fund Balance — Budgetary Basis Highlighting the Undesignated Fund Balance

(Dollars in Millions) *Figure 1*

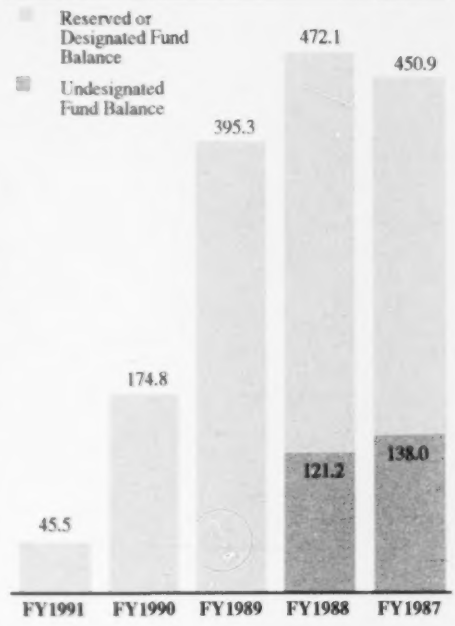


Figure 1 shows the General Fund fund balances on a budgetary basis since fiscal year 1987. Of the $45.5 million ending fund balance at June 30, 1991, $8.1 million is in required reserves. The remainder is designated for the completion of capital projects in the next fiscal year, leaving no undesignated, unreserved fund balance.

General Fund Revenues, Expenditures, and Other Financing Sources (Uses)

Figure 2 presents a breakdown of General Fund revenue on a budgetary basis for the year ended June 30, 1991. For comparison, budgeted amounts and prior year data also are shown. Although official estimates projected a decrease in tax revenue, actual General Fund revenues, excluding transfers remained relatively unchanged from the prior year. Individual income taxes were an exception, increasing 5.0 percent over the prior year. This unanticipated increase contributed to the positive ending fund balance disclosed in Figure 1.

Figure 3 shows General Fund expenditures by function on a budgetary basis for the year ended June 30, 1991. Information for the prior year is also shown for comparison. In 1991, total expenditures increased by 6.0 percent from the prior year. Increases in the areas of Education, Individual and Family Services, and Transfers are only slightly offset by decreases in all other expenditure functions. Individual and Family Services increased by 9.0 percent over the prior year, and reflected increasing health and human resources expenditures, including the State's portion of the Medicaid program. A higher number of recipients and higher costs in these programs contributed to the fiscal year 1991 increase. Transfer of funds to higher education institutions and teaching hospitals from the General Fund increased by 14.9 percent.

Analysis of General Fund Revenue (Budgetary Basis)
For the Years Ended June 30, 1991, and 1990

(Dollars in Millions) Figure 2

	Actual			Budget	
Revenues	**FY 1991**	**FY 1990**	**% FY 1991 Over (Under) FY 1990**	**FY 1991**	**% FY 1991 Actual Over (Under) Budget**
Individual Income Tax	$3,236	$3,082	5.0	$3,183	1.5
Sales and Use Tax	1,337	1,358	(1.5)	1,339	(0.1)
Corporation Income Tax	279	310	(10.0)	263	6.1
Public Service Corporations Tax	95	102	(6.9)	99	(4.0)
Premiums of Insurance Companies Tax	158	179	(11.7)	154	2.6
Other Taxes	236	274	(13.9)	227	4.0
Total Taxes	5,341	5,305	0.7	5,270	1.3
Other Revenues	211	211	-	221	(4.5)
Transfers:					
ABC Profit	26	27	(3.7)	30	(13.3)
Appropriations Act	555	31	1,690.3	622	(10.8)
Subtotal	6,133	5,574	10.0	6,143	(0.2)
Other Transfers In	836	903	(7.4)	-	100.0
Total Revenue and Transfers	$6,969	$6,477	7.6	$6,143	13.4

Analysis of General Fund Expenditures By Function (Budgetary Basis)

(Dollars in Millions) Figure 3

Expenditures	**FY 1991**	**FY 1990**	**% Increase (Decrease)**	**FY 1991 % of Total**
General Government	$ 296	$ 314	(5.7)	4.2
Education	2,397	2,291	4.6	33.8
Transportation	5	10	(50.0)	0.1
Resources and Economic Development	193	220	(12.3)	2.7
Individual and Family Services	1,374	1,260	9.0	19.3
Administration of Justice	968	948	2.1	13.6
Capital Projects	29	55	(47.3)	0.4
Transfers	1,837	1,599	14.9	25.9
Total Expenditures	$7,099	$6,697	6.0	100.0

General Fund Condition — Modified Accrual Basis

Although the Commonwealth budgets and manages its financial affairs using the budgetary basis of accounting, generally accepted accounting principles require that states use the modified accrual basis of accounting to prepare financial statements. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance operations throughout the fiscal year, or to liquidate liabilities at the end of the fiscal year. Expenditures are recognized when a fund liability occurs. The accruals recorded on the financial statements for the fiscal year ended June 30, 1991, reflect cash that will not be received or disbursed until fiscal year 1992.

As shown in Figure 4, accruals of revenues and expenditures required by the modified accrual basis of accounting resulted in a $310.6 million reduction of the budgetary basis fund balance, as compared to $314.4 million in fiscal year 1990. These accruals caused the $45.5 million budgetary basis General Fund balance, as reported in the August 15, 1991, Preliminary Annual Report of the Comptroller, to become a negative fund balance of $265.1 million. The Deferred Credit revenue refund accrual contributed $250.4 million, or 81 percent, of the reduction in fund balance. Deferred credits are estimated tax refunds associated with income taxes withheld from January through June, 1991, which may be refunded after January 1, 1992.

Analysis of General Fund Balance
Budgetary Basis versus Modified Accrual Basis

(Dollars in Millions) Figure 4

	FY1991	FY1990	Variance
Fund Balance, Budgetary Basis	$ 45.5	$ 174.8	$ (129.3)
Receivables and Accrued Revenues:			
Transfer of 4th Quarter ABC Profits to General Fund	1.0	1.5	(0.5)
Accounts Receivable	11.1	11.8	(0.7)
Sales Tax Receivable	117.3	122.2	(4.9)
Withheld Tax Receivable	127.7	126.8	0.9
Other Taxes Receivable	19.0	24.9	(5.9)
Due From Other Funds	2.8	-	2.8
Total Receivables	278.9	287.2	(8.3)
Payables and Accrued Expenditures:			
Tax Refunds Payable	43.1	45.6	2.5
Deferred Credit (Estimated Tax Refunds)	250.4	281.9	31.5
Accounts Payable	173.2	157.4	(15.8)
Sales Tax Due to Localities	77.3	87.1	9.8
ABC Profits Due to Localities	1.3	1.5	0.2
Other Payments Due to Localities	41.3	24.2	(17.1)
Due to Other Funds	2.9	3.9	1.0
Total Payables	589.5	601.6	12.1
Payables and Accrued Expenditures Over Receivables and Accrued Revenues	(310.6)	(314.4)	3.8
Fund Balance, Modified Accrual Basis	$ (265.1)	$ (139.6)	$ (125.5)

For a longer term perspective, it is important to note that the negative $125.5 million variance noted in Figure 4 is substantially less than the negative $485.8 million variance in fiscal year 1990. Although the fiscal year 1991 variance was unfavorable, it showed improvement over fiscal year 1990, when the Commonwealth saw its ending modified accrual fund balance drop from a positive $346.2 million to a negative $139.6 million in one year. This reflects the effectiveness of the Administration's actions during late fiscal year 1990 and fiscal year 1991 to pull the State out of its fiscal decline.

Proprietary Fund Operations

Section 58.1-4022(D) of the *Code of Virginia* requires that the State Lottery Department transfer to the General Fund the audited balances of the State Lottery Fund, net of established reserves. The Auditor of Public Accounts certified $282.8 million for transfer to the General Fund for fiscal year 1991. Section 3-1.01U of Chapter 723, 1991 Acts of Assembly, required the Comptroller transfer lottery balances to the General Fund prior to the end of the fiscal year. This transfer occurred on June 29, 1991. All such funds were appropriated for operating expenditures during the current fiscal year.

Pension Trust Fund Operations

The operations of the Pension Trust Funds are administered by the Virginia Retirement System (VRS). The VRS investment program performed well during fiscal year 1991. The average yield on pooled investments of the Pension Trust Funds was 10.3 percent, compared to a yield of 9.7 percent during fiscal year 1990.

Due to the continued positive performance of the Pension Trust Funds and the current economic environment, the actuarial assumptions used in the 1988 and 1989 valuations to compute the pension contribution requirements were adjusted. Three major changes occurred: 1) the assumed rate of return on investments was increased to 8.0 percent from 6.5 percent, 2) the salary inflation factor was decreased to 4.0 percent from 4.5 percent, and 3) the rate of additional projected salary increases attributable to seniority/merit increased. The effect of these changes in actuarial assumptions was to reduce the total required contributions to the Pension Trust Funds by $169.5 million for fiscal year 1991.

Accounts Receivable

The Commonwealth has focused on improving its cash flow by enhancing its collections of accounts receivable. Total accounts receivable have decreased by $214 million, or 22 percent, to $753 million at June 30, 1991. In addition, accounts over 90 days past due have decreased by $193 million, or 51 percent, to $186 million at year end. These improvements are two indicators of collection enhancements undertaken by agencies in the Commonwealth to better manage their accounts receivable.

Debt Administration

Moody's Investors Service and Standard & Poor's Corporation traditionally give Virginia "triple A" bond ratings. During this year, Fitch Investors Service, Inc. also awarded the Commonwealth a "triple A" bond rating. Virginia is one of six states with a "triple A" bond rating from the three rating agencies. These ratings reflect the Commonwealth's long-standing record of sound fiscal management, its diversified economic base, and low debt ratios.

Outstanding bonded debt backed by the full faith and credit of the Commonwealth totaled $542.6 million at June 30, 1991. Of that amount, $44.9 million was issued pursuant to Article X, Section 9(b) of the Constitution of Virginia. Tax revenues provide debt service payments on these bonds. Principal and interest payments on this portion of the Commonwealth's long-term obligations were 0.2 percent of total General Fund expenditures in fiscal year 1991. No new Section 9(b) General Obligation Bonds were issued during fiscal year 1991.

The remaining debt of $497.7 million backed by the full faith and credit of the Commonwealth consists of Section 9(c) Revenue Bonds. Revenue-producing capital projects, primarily auxiliary enterprises of colleges and universities and toll highways, service these bond payments.

Section 9(d) Revenue Bonds, which are not backed by the full faith and credit of the Commonwealth, totaled $5.6 billion at June 30, 1991. The sources of this debt include:

Virginia Port Authority (VPA), Virginia Public Building Authority (VPBA), and Innovative Technology Authority (ITA) Bonds	$ 485,794,701
Transportation Contract Revenue Bonds	333,735,125
Norfolk-Virginia Beach Toll Revenue Bonds	9,080,000
Higher Education Bonds	313,395,736
Public Benefit Corporations	4,451,954,309
	$ 5,593,959,871

Of this debt, the General Fund contributes debt service payments through direct appropriations to VPA, VPBA, ITA, and the Virginia College Building Authority (included in Higher Education Bonds). Principal and interest payments for these and the Section 9(b) general obligation bonds discussed above accounted for 1.1 percent of General Fund expenditures.

Investment Policy

The Commonwealth pools most of its available cash into the general account from which it makes investments in a variety of instruments, with over 90 percent being invested in U.S. Treasury and Agency securities and high quality money market securities. The average daily invested balance for the year ended June 30, 1991 was $749 million. Maturities for these investments ranged from one day to four years. For fiscal year 1991, the average yield on investments was 8.0 percent, compared to a yield of 8.7 percent during fiscal year 1990. On an accrual basis, total interest earned from available balances was $60.2 million for fiscal year 1991, compared to $95.2 million for fiscal year 1990. The decrease in earnings was primarily due to reduced investable balances and lower overall interest rates. The investment program continued to perform well when compared with the 91 day U.S. Treasury bill rate of 6.8 percent and the Donoghue's institutional money market fund average of approximately 7.0 percent.

The Commonwealth's investment policy objectives are to minimize credit and market risks while generating a competitive yield on its portfolio, and maintaining needed liquidity. Accordingly, investments are made in compliance with the *Code of Virginia*, with adherence to specific guidelines set by the Treasury Board, and in consideration of the current investment environment. Furthermore, all deposits of the Commonwealth are either insured by federal deposit insurance or collateralized under the Virginia Security for Public Deposits Act. Over $11.2 billion, or 62 percent of investments held by the Commonwealth at June 30, 1991, were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

Risk Management

The Commonwealth maintains self-insurance programs for employee health insurance, general (tort) liability, medical malpractice, workers' compensation, and automobile liability, which are reported in the Internal Service Funds. For workers' compensation, general (tort) liability, and automobile liability, the Commonwealth assumes the full risk of claims filed.

The Commonwealth also provides errors and omissions liability, law enforcement professional liability and commuter rail liability insurance for local governmental units throughout the Commonwealth. All activity of these programs is accounted for in the Risk Management, Enterprise Fund. Additional information on all risk management programs is presented in Note 12 to the Financial Statements.

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) provides guidelines for determining the organizations, functions and activities that should be included in the Commonwealth's financial statements. Criteria for inclusion are determined on the basis of accountability for fiscal matters, selection of governing authority, scope of public service, and the ability to significantly influence operations. The organizations listed on page 46 of the Notes to the Financial Statements meet the GASB Codification's oversight criteria and have been included in the Commonwealth's financial statements.

Internal Controls

The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use estimates and judgements to attain reasonable assurance as to the adequacy of such controls. The Commonwealth's established internal controls fulfill these requirements.

Certain budgetary controls also are maintained to ensure compliance with the legal provisions of the Commonwealth's Appropriations Act, which reflects the General Assembly's approval of a biennial budget. The financial transaction process begins with development and approval of the budget, after which budgetary control is maintained through a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of agency budgets.

Independent Audit

The Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 1991, in accordance with Section 2.1-155 of the *Code of Virginia*. The Auditor's opinion on the financial statements is included in the Financial Section of this report. The Auditor conducted the examination in accordance with generally accepted auditing standards. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB Circular A-128 is performed at the statewide level. The Auditor's Single Audit Report will be issued at a later date. I would like to give special acknowledgment for the many professional contributions made on behalf of this annual report by the staff of the Auditor of Public Accounts.

Special Reports

This Introductory Section of the Annual Report presents an economic analysis and a special report on fiscal accountability. The report on the Virginia economy will assist readers in understanding past economic performance and prospects for the future of the Commonwealth. This analysis, developed by the Center for Public Service of the University of Virginia, shows that the State has been negatively affected by the national recession this year. However, as indicated in the analysis, the Commonwealth's strategic location, strength in competing for foreign investments, and quality of its labor force should provide Virginia's economy with the resilience to overcome current and anticipated setbacks for the long term.

The Special Report on Fiscal Accountability and Financial Management in the Commonwealth of Virginia ties into the pictorial theme of the report and describes Virginia's progress toward promoting fiscal accountability and sound financial management.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth of Virginia for its Comprehensive Annual Financial Report for the year ended June 30, 1990. This was the fifth consecutive year that Virginia received this prestigious award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles and all applicable legal requirements.

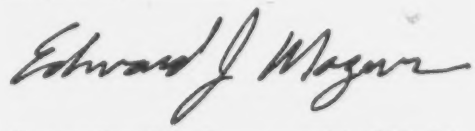
A Certificate of Achievement is valid for one year. I believe that this year's report also meets the program's stringent requirements and will submit it to GFOA to determine its eligibility for the certificate.

Acknowledgments

This report could not have been completed without the efforts of many people in the Departments of Accounts, Planning and Budget, the State Internal Auditor, Taxation, and the Treasury, the Office of Graphic Communications, and other State agencies. I would like to express my heartfelt appreciation for their professionalism and dedication to this effort.

This comprehensive annual financial report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,



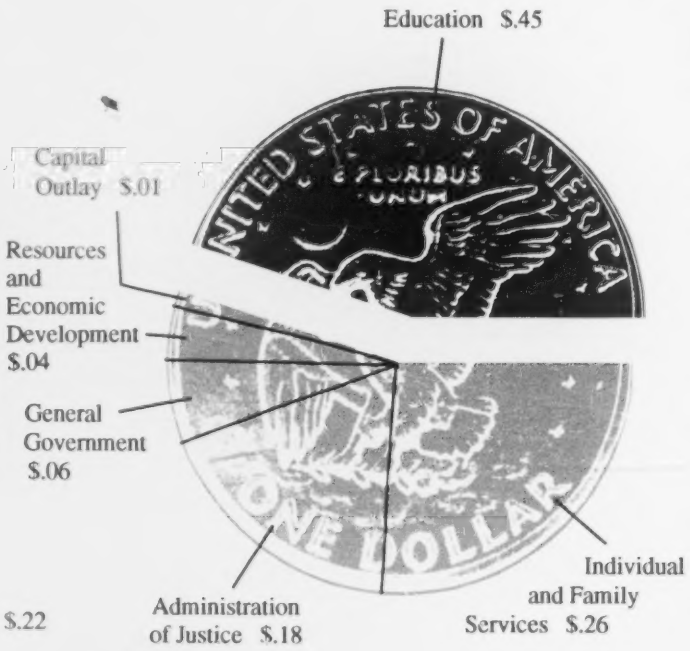
Comptroller of the Commonwealth of Virginia

Financial Highlights

General Fund

Figure 5
Revenue Dollar
Fiscal Year 1991
(Budgetary Basis)

Figure 6
Expenditure Dollar
Fiscal Year 1991
(Budgetary Basis)



Revenues and Other Financing Sources(1)	FY 1991	Restated FY 1990
Individual Income Tax	$ .53	$ .55
Sales and Use Tax	.22	.24
Corporation Income Tax	.04	.06
Other Taxes	.08	.10
Other Revenues(2)	.04	.04
Appropriations Act Transfers	.09	.01
Total	$ 1.00	$ 1.00

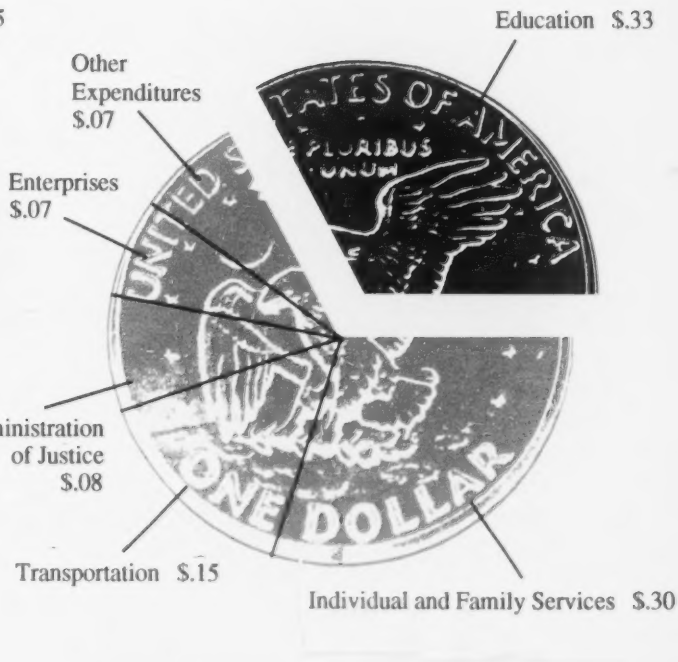
(1)Excludes operating transfers
(2)Includes ABC Profits

Expenditures and Other Financing Uses(1)	FY 1991	FY 1990
Education	$ .45	$ .45
Individual and Family Services	.26	.25
Administration of Justice	.18	.19
General Government	.06	.06
Resources and Economic Development	.04	.04
Capital Outlay	.01	.01
Total	$ 1.00	$ 1.00

All Funds

Figure 7
Revenue Dollar
Fiscal Year 1991
(Budgetary Basis)

Figure 8
Expenditure Dollar
Fiscal Year 1991
(Budgetary Basis)



Revenues and Other Financing Sources(1)	FY 1991	FY 1990
Individual Income Tax	$ .25	$ .27
Sales and Use Tax	.12	.13
Other Taxes	.15	.17
Federal Revenues	.17	.16
Institutional Revenue	.13	.13
Other Revenues	.18	.14
Total	$ 1.00	$ 1.00

Expenditures and Other Financing Uses(1)	FY 1991	FY 1990
Education	$ .33	$ .34
Individual and Family Services	.30	.28
Transportation	.15	.16
Administration of Justice	.08	.08
Enterprises	.07	.06
Other Expenditures	.07	.08
Total	$ 1.00	$ 1.00

(1)Excludes operating transfers

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
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for the Fiscal Year Ended
June 30, 1990

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Gary R. Hoxthem
President

Jeffrey L. Esser
Executive Director

Governor L. Douglas Wilder is presented Virginia's fifth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting, by State Comptroller Edward J. Mazur .

The Virginia Economy 1991

The Commonwealth's financial health is closely related to the condition of the economy. This section of the report presents economic information prepared by the Business and Economics Section of the Center for Public Service at the University of Virginia. The emphasis is on developments in fiscal year 1991 for those time series that are available. Otherwise, calendar year or partial year data are used. Time series information for the most recent five years provides historical perspective.

The nation's eight years of economic expansion ended in the summer of 1990. The end was not sudden, but was foreshadowed by conditions noted in last year's report, including weak growth in real gross national product (GNP), a broad measure of the nation's output adjusted for inflation, during the second quarter of 1990. The Iraqi invasion of Kuwait in August and the resulting loss of consumer confidence tipped an already weak economy into recession. Beginning with the fourth quarter of 1990 real GNP began to slide. At the end of the second quarter of 1991, it stood at $4.128 trillion in 1982 dollars. This figure represented a drop of 0.6 percent from the same quarter a year earlier, whereas annual growth had averaged 3.9 percent during the previous four years. Virginia did not escape the impact of these national trends. From fiscal year 1987 to fiscal year 1990, the State's nonagricultural employment rose at an annual average rate of 3.3 percent; from fiscal year 1990 to fiscal year 1991, it declined by 0.4 percent. This decline manifested itself in four of the ten major nonagricultural employment categories.

The remainder of this analysis provides information on principal economic indicators used in tracking the Virginia economy. Because of lags in the availability of information and the preliminary form of some data, the mosaic they form is not refined, but is helpful in understanding developments.

Beginning with the first quarter of 1987, Virginia outperformed the nation in terms of annual growth rates of personal income **(Figure 9)** in nine of eleven quarters. Then, however, the nation outperformed the state in five consecutive quarters until the first quarter of 1991, when Virginia's annual growth rate of 1.8 percent was greater than the nation's 1.2 percent. Over the entire period Virginia performed modestly better than the nation with an annual average growth rate of 7.4 percent compared to 7.2 percent nationally.

For the past five years, per capita personal income **(Figure 10)** in Virginia has consistently been above the national average with the highest percentage in 1988 and 1989, when it was 6.5 percent greater. Some slippage occurred in 1990 when the State figure exceeded the national average by 5.2 percent. The State's per capita income has also been well above the figure for the South Atlantic region,* averaging 8 to 9 percent above it.

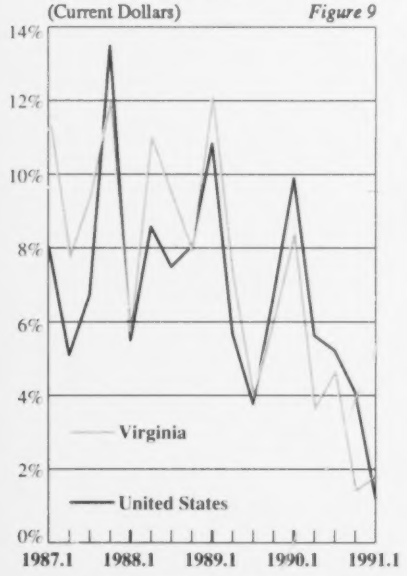
Virginia per capita income in 1990 was $19,671, compared to $18,691 for the nation and $18,112 for the South Atlantic region. By this measure, Virginia ranked twelfth in the nation and fourth in the region behind Delaware, Maryland, and the District of Columbia.

The growth in prices, as measured by both the Consumer and Producer Price Indexes, has been moderate compared to the late 1970's and early 1980's. Inflation, which crept up from its low in 1986 to an annual average of 5.4 percent in 1990, has abated during the current downturn. August 1991's increase of 3.8 percent over the previous August was the lowest such twelve-month change since June 1987.

Interest rates were declining in 1991 with the Prime Rate reaching 8 percent in September. Stimulative monetary policy will be slow to take effect, as businesses have been refinancing existing debt rather than undertaking new investment, and banks have been retaining interest rate

Annual Growth Rates of Personal Income

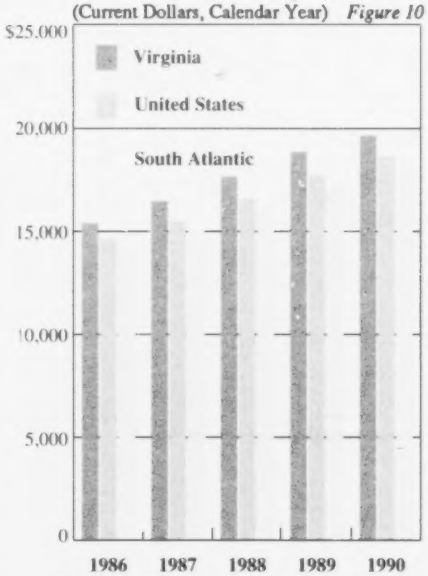
(Current Dollars) *Figure 9*



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income

(Current Dollars, Calendar Year) *Figure 10*



Source: U.S. Department of Commerce, Bureau of Economic Analysis

savings rather than passing them on to consumers.

Virginia's nonagricultural wage and salary employment (**Figure 11**) increased by 271,400 from fiscal year 1987 to fiscal year 1990. This was equivalent to an average annual increase of 3.3 percent. During that same period, the national employment increase averaged 2.8 percent. Virginia's annual growth in employment exceeded the national average in four of the past five fiscal years and the South Atlantic regional average in three of the past five fiscal years (**Figure 12**). From fiscal year 1990 to fiscal year 1991 the decrease of 10,100 jobs represents an annual loss of 0.4 percent, while regional employment increased 0.2 percent and the national employment increased 0.1 percent.

The major industries in Virginia varied greatly in performance. **Figure 13** shows average annual growth rates for the 1987 to 1990 fiscal years and for fiscal year 1991. Eight of the ten industries had lower rates of growth or declines compared to the earlier period. The exceptions were local government, which grew slightly faster than in the earlier period, and mining, which reversed direction by increasing 1.3 percent. The recent 10.9 percent decline in construction stands in stark contrast to the earlier gain. The severe overbuilding of commercial and industrial buildings in Northern Virginia was a major reason for the loss of construction jobs. Although services continued to be the fastest growing sector, the pace slowed. The federal government, a major component of the Virginia economy, reduced employment in the most recent year. Despite the activity associated with Operation Desert Storm, the long-term planned reduction in defense activity contributed to the decline. The financial sector, under pressure from bad real estate loans, showed virtually no change in fiscal year 1991 after several years of rapid growth in employment. The trade sector, reflecting the effects of the recession on consumption, experienced a decrease in employment in contrast to earlier gains. Although State government employment continued to grow, its rate of increase was about one-fifth of the average for the previous three years. As expected in a recession, manufacturing employment declined in fiscal year 1991.

While this report focuses on the Virginia economy as a whole, the Commonwealth is composed of many local economies, which do not necessarily perform at similar levels. Until the current recession, the Virginia economy was fueled by strong growth in Northern Virginia and certain other localities in the so-called Golden Crescent, an area running from Northern Virginia down through Charlottesville and Richmond and over to the Hampton Roads area. Northern Virginia was the leader, growing at an annual rate of 4.4 percent from fiscal year 1987 to fiscal year 1990, and accounting for 35 percent of the 271,400 net increase in statewide nonagricultural employment. While it is likely that the Golden Crescent will eventually reclaim its economic preeminence, the past year saw the greatest percentage growth in

Virginia Nonagricultural Wage and Salary Employment

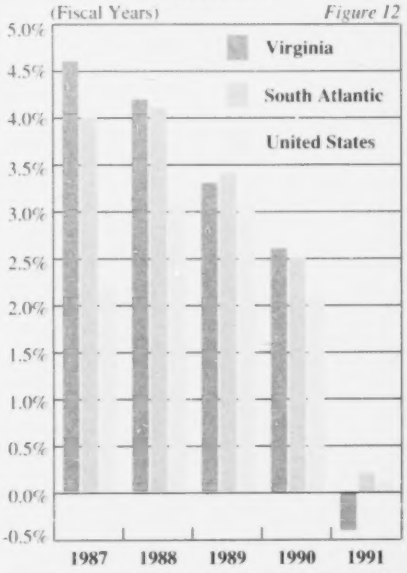
Figure 11

Industry Group	Employment (in thousands) FY87	FY88	FY89	FY90	FY91
Manufacturing	426.5	428.8	428.4	429.7	417.6
Mining	16.0	16.1	15.5	15.0	15.2
Construction	177.2	186.8	195.0	191.6	170.8
Transportation and Public Utilities	140.1	144.2	147.6	147.5	149.0
Wholesale and Retail Trade	595.2	622.2	645.9	656.7	652.1
Finance, Insurance, and Real Estate	138.6	146.9	150.6	154.4	152.3
Services	603.8	644.9	684.6	722.9	743.2
Federal Government	168.2	172.1	173.6	178.3	174.2
State Government	123.5	128.7	132.1	138.5	139.6
Local Government	230.8	238.3	245.6	256.7	267.1
Total	2,619.9	2,729.0	2,818.9	2,891.3	2,881.1

Source: Virginia Employment Commission

Annual Growth of Nonagricultural Employment

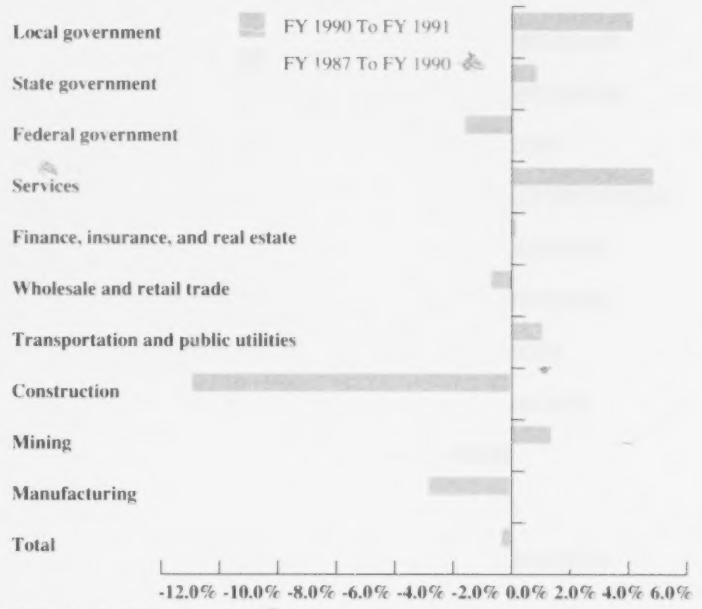
(Fiscal Years) *Figure 12*



Source: U.S. Department of Labor, Bureau of Labor Statistics

Annual Percentage Change in Nonagricultural Employment

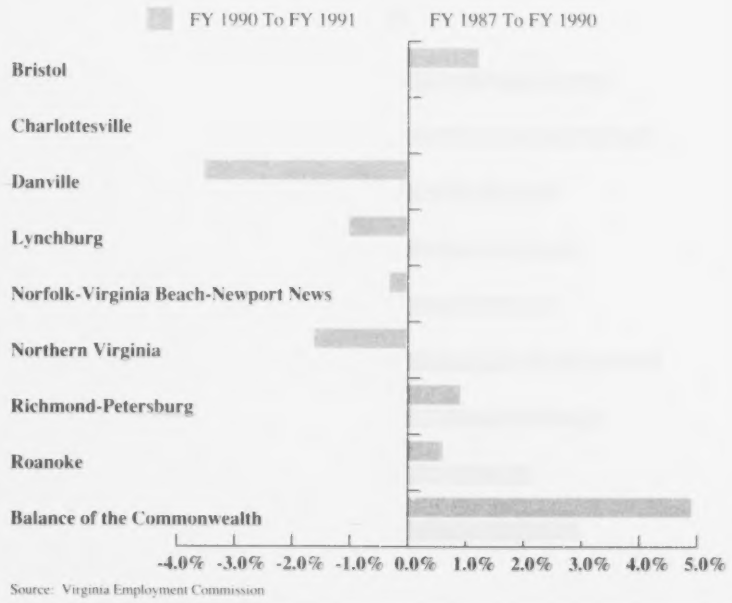
Figure 13



Source: Virginia Employment Commission

Virginia Nonagricultural Employment Growth by Area

Figure 14



Source: Virginia Employment Commission

Bristol Metropolitan Statistical Area (MSA) and areas in the balance of the Commonwealth **(Figure 14)**.

Virginia's seasonally adjusted unemployment rate rose to 5.8 percent in the second and third quarters of 1991, the highest rate since the third quarter of 1985. The national rate also increased and ended the second quarter at 6.8 percent. Throughout the five-year period shown in **Figure 15**, the unemployment rate in Virginia was less than its national counterpart and ended the period at 89 percent of the U.S. average. Still, the spread between the two rates narrowed.

Figure 16 shows that defense contracts awarded to Virginia firms rebounded in 1990 after a sharp decline in 1989. The long term picture is, however, less optimistic. The collapse of the Soviet empire, punctuated by the failed coup in August 1991, lends a military rationale to cuts in the federal defense expenditures. Continued federal budget deficits, coupled with opinion surveys showing a large plurality of Americans favor halving the defense budget, suggest that the long-term trend will be one of declining defense expenditures in Virginia.

Since the number of Virginia private residential building permits **(Figure 17)** is a good leading indicator, the modest rise in such permits in the second quarter of 1991 is the brightest news in this report. Still, caution is in order since the absolute number is only about half the level that prevailed from the second quarter of 1987 until the second quarter of 1989. The Virginia index has now remained below a comparable U.S. index for four consecutive quarters.

Sales taxable under the Virginia sales and use tax are a good proxy for retail sales. Seasonally adjusted sales **(Figure 18)** have risen in real terms for the past two quarters from their low point in the fourth quarter of 1990. Still, at $8.2 billion in 1982 dollars,

taxable sales remain far short of their peak of $9.1 billion the second quarter of 1988. This shortfall has been reflected, as already mentioned, by a decline in employment in wholesale and retail trade during fiscal year 1991.

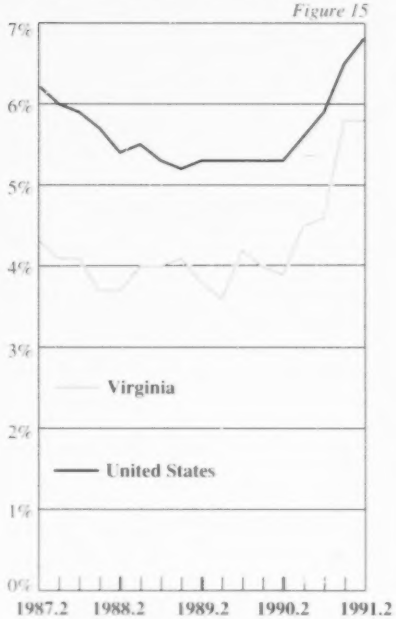
As illustrated in the preceding analysis, fiscal year 1991 was not a vintage year for the Virginia economy. Nonetheless, the current recession, while painful, is transitory. More important to Virginia's economic future will be its adaptation to a world of lower defense budgets. The impact of this structural change will depend upon the Commonwealth's ability to meet new demands in domestic and international markets. The presence of a major international airport in Northern Virginia, the port facilities of Hampton Roads, a favorable business climate, and a quality educational system with a strong international flavor are but a few of the Commonwealth's strengths in competing for foreign investment. Also, the proximity of Northern Virginia to the nation's capital, the Commonwealth's strategic mid-Atlantic location, and the quality of its labor force provide the economy with the resilience to overcome current and anticipated setbacks.

* The South Atlantic region includes the states of Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia, and the District of Columbia.

Unemployment Rate

(Civilian Labor Force, Seasonally Adjusted)

Figure 15

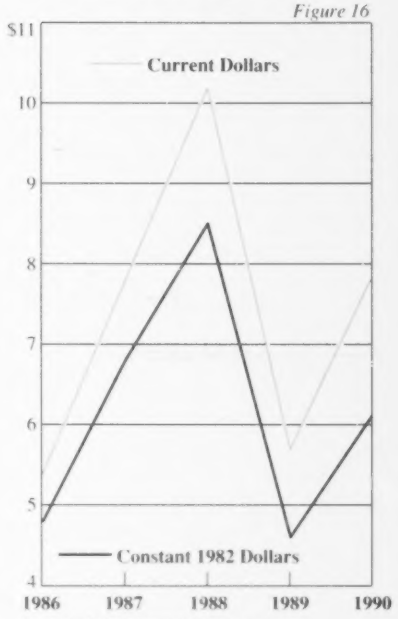


Source: Virginia Employment Commission
U.S. Department of Labor, Bureau of Labor Statistics

Defense Contract Awards in Virginia

(Billions of Dollars, Fiscal Years)

Figure 16

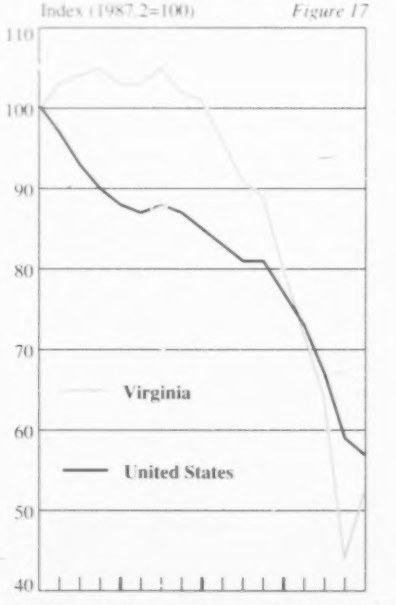


Source: U.S. Department of Commerce,
Bureau of the Census, Bureau of Economic Analysis

Building Permits

(Seasonally Adjusted)

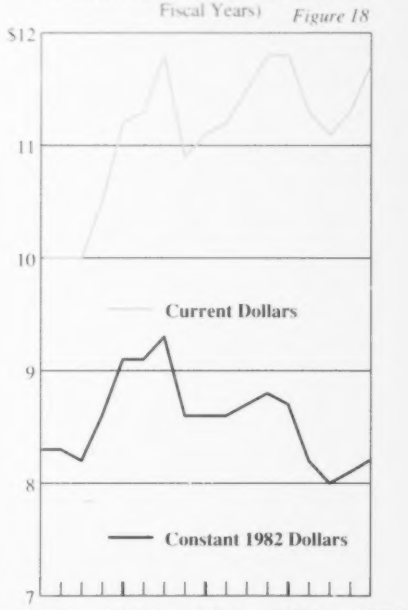
Index (1987.2=100) *Figure 17*



Source: U.S.Department of Commerce, Bureau of the Census

Taxable Sales in Virginia

(Billions of Dollars, Seasonally Adjusted; Fiscal Years) *Figure 18*



Source: Virginia Department of Taxation and
Virginia Employment Commission

A Special Report on Fiscal Accountability and Financial Management in the Commonwealth of Virginia

by Edward J. Mazur, Comptroller

The activities of State government in Virginia are diverse, complex, and involve large expenditures of money. These activities address many of the requirements of a modern society comprised of over six million citizens. The activities of State government are carried out through the exertion of both intellectual and physical efforts. Yet, all of these activities are eventually represented in terms of financial transactions. Employees receive paychecks. Suppliers of goods and services receive payments. Bonds are issued to pay for long-term construction projects. Loans are granted, and services are rendered for which payment will occur at a later point. These are but several of the most notable ways in which the activities of the Commonwealth represent themselves in financial terms.

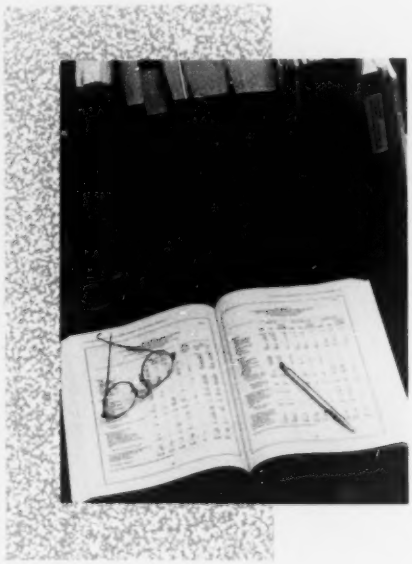
If all the activities of the Commonwealth are eventually represented by financial activity, then it stands to reason that the accuracy and reliability of financial information must be assured. It is also important that State government view the accumulation and interpretation of its financial information as one means by which it judges and evaluates the success of programmatic activity. In other words, assessing trends and circumstances in financial data gives us insight into how well the intellectual and physical efforts of State government are being performed.

Fiscal Accountability and Financial Management

What is fiscal accountability? Fiscal accountability is a state government's ability to report its financial activities in a manner that shows interested parties how the Commonwealth has spent its funds, that funds have been spent according to legislative intent, that funds left at the end of the year are properly accounted for, and that such reporting was done in accordance with broadly accepted national standards of financial reporting. Fiscal accountability exercised in this manner gives the greatest assurance to citizens, legislators, government officials, and the financial community, that the financial activities of the Commonwealth are being set forth and explained in a way that can be relied upon.

What is financial management? Financial management has been a term long associated with corporations, where it is widely viewed as a factor influencing profits. The importance of financial management in governments is a more recent phenomenon. It is designed, however, to serve an equally important, but somewhat different, purpose.

By considering financial data, accumulating it in various ways, and analyzing it thoughtfully, we can know more about the activities of the Commonwealth, the resources it consumes, and the relative benefits that are produced for the amount of resources consumed. Financial management provides information that, when taken into consideration with other evaluations, tells us whether or not we are managing our resources efficiently and effectively. Proper financial management assures citizens that their monies are being used wisely, and that scarce tax resources are being consumed in the most efficient manner.



Accounting standards are followed very closely in Virginia.

***Exhibit A** - Profile of Finance Agencies*

Agency	Number of Employees	Fiscal Year 1991 Operating Budget	Highlights of Agency Operations/Initiatives
Department of Accounts	186	$12,350,080	• Produced 7.5 million checks in FY 91. On a monthly basis, an average of 141,600 paychecks, 90,200 direct deposit transactions, and 127,000 vendor payments are processed • Processed an average of 585,700 accounting transactions per month • Maintained performance reporting on management of accounts receivable and compliance with the Prompt Payment Act • Initiated Comptroller's Debt Setoff Program in June, 1991. Estimated to recover $2.5 million in payments to vendors with overdue accounts receivable in the first year
Department of Planning and Budget	100	$5,435,693	• Developed Governor's annual Budget Bill • Implemented on-line system for budget development and execution • Assisted in development of compensation and early retirement policies • Implemented Statewide budget reductions (3 in FY 91) • Developed 6-year capital outlay plan and planning process, to serve as the basis for early identification of capital needs • Integrated performance measures in budget development and review
Department of the State Internal Auditor	11	$778,033	• Conducted 17 reviews of state agency and institution internal auditing programs • Conducted more than 6,300 participant hours of technical training of agency and institution internal auditors • Developed and offered 5 new training courses • Developed new technical tools for agency and institution auditors, including internal control questionnaires and audit programs to audit the Commonwealth Integrated Payroll/Personnel System
Department of Taxation	897	$43,917,300	• Completed analysis of Virginia's revenue forecasting methodology • Produced long-term revenue projections for the 1994-96 biennium • Collected compliance revenues for FY 91 of $240.5 million, $18.5 million above FY 90 • Implemented Criminal Investigation Program, initiating a total of 40 cases in FY 91 • Modified Accelerated Refunds System to allow processing of refunds on-line
Department of the Treasury	95	$7,170,248	• Collected over $35 million in unclaimed property, an increase of more than $12 million over FY 90, with more than $20 million transferred to the Literary Fund to aid education in the Commonwealth • Invested an average of $1.8 billion, with an average yield of 8.0% • Completed an assessment of Debt Management in Virginia, resulting in guidelines for structuring and issuing Commonwealth debt

Commonwealth Financial Organization

The Commonwealth's financial organization centers on the Secretary of Finance, who oversees five agencies. They are the Departments of Accounts, Planning and Budget, the State Internal Auditor, Taxation, and the Treasury. The activities of these five agencies permit the Executive Branch to exercise its responsibility for estimating future revenues, planning their allocation among the many activities of the Commonwealth, collecting tax revenues, and disbursing funds in a responsible manner. **Exhibit A** highlights some key statistics concerning the size and functions of these agencies.

These departments not only carry out critical financial operations themselves, but provide, through authority found within the *Code of Virginia*, important policy guidance and centralized accounting systems support to the operating agencies and institutions of the Commonwealth. Within each of these operating agencies, there are, in turn, financial operations involving accountants, budget analysts, financial analysts, systems support personnel, and other staff. The central agencies under the Secretary of Finance, together with the operating agencies, share in the responsibility for processing transactions, maintaining accounts, analyzing trends, reporting financial results, and planning through the budget process. In addition, the effectiveness of these activities are monitored and reported upon in an ongoing manner by internal auditors located within the State's Executive Branch agencies and institutions. Agencies and institutions representing 93.9 percent of the Commonwealth's appropriations have such internal auditing programs.

Executive, Judicial, and Independent agencies receive assurances about the accuracy and reliability of their financial position, as well as their compliance with statutes, rules, and regulations mandated by State and federal authorities through audits from the Auditor of Public Accounts. The Auditor conducts annual audits of all Executive, Judicial, and Independent agencies, as well as all institutions of higher education,

constitutional officers and other local government officials. His opinions on financial statements of agencies show whether or not they constitute fair presentations of financial position in accordance with generally accepted accounting principles (GAAP), or other appropriate bases of accounting. The Auditor's reports on internal controls and compliance show whether agencies have sufficient systems of internal control to maintain public accountability and safeguard assets, and whether agency management has, in fact, fulfilled their fiduciary responsibilities by complying with laws and regulations. The Auditor also performs a statewide Single Audit of federal assistance to ensure the Commonwealth's compliance with the Single Audit Act of 1984 and other federally mandated audit requirements.

FY 1991 - A YEAR OF FINANCIAL CHALLENGE FOR THE COMMONWEALTH

One and a half years ago, a financial drama began to unfold in the Commonwealth of Virginia. The Annual Report of the Comptroller for the fiscal year ending June 30, 1990, reported a $150 million shortfall in estimated revenues. The balances in the General Fund had dropped to $140 million, one of the lowest levels in several years, and aggressive reappraisals of the revenues projected for the 1990-92 biennium were well underway. Governor Baliles acted in December 1989 and January 1990 to withhold general fund appropriations to meet the $150 million shortfall.

The start of the 1990 session of the General Assembly was dampened by news from Virginia's new Governor, Lawrence Douglas Wilder, that revenue estimates for the upcoming biennium were decreased by $200 million. Moreover, a re-estimation of revenues would be required in August of 1990. The August estimate reduced anticipated revenues for the 1990-92 biennium by another $1.2 billion, virtually all of this reflecting the onset of what later proved to be a recession. In the final months of calendar 1990, and during the 1991 session, additional revenue estimates were made, for a total reduction in the revenues estimated for the 1990-92 biennium of approximately $2.1 billion.

To overcome the projected shortfalls in revenues for the 1990-92 biennium, the Commonwealth instituted a series of three major reductions in the operating budgets of State agencies and institutions. For many agencies, this has amounted to a 12.5 percent reduction in their budgets for fiscal year 1991, and a 16 percent reduction in budgets for the 1992 fiscal year. In addition, salaries have been frozen, and spending for nonessential items has been greatly constrained. All State employees have participated, in one way or another, in activities designed to reduce expenditures and increase productivity.

As an important initiative to improve the productivity of State government, and reduce its cost, Governor Wilder instituted Project Streamline. This project defines dozens of opportunities for State agencies and institutions to improve the level of services, and reduce the cost of State government by approximately $63.5 million for the 1990-92 biennium.

There is perhaps no better time to illustrate and discuss these subjects of fiscal accountability and financial management than in the year in which senior executive and legislative leaders of the Commonwealth have faced such a significant financial challenge on behalf of the citizens of the Commonwealth.

Sophistication and Complexity of Financial Operations

A scant ten years ago, much of the processing of accounting transactions by the Commonwealth occurred through the efforts of large numbers of accountants and accounting clerical personnel who essentially performed similar paperwork processing functions. Although computers were in use, all such applications used large mainframe computers, with systems software applications designed to process large volumes of similar transactions. In the intervening decade, the character of financial operations in the Commonwealth has changed dramatically.

Virtually gone are the large numbers of accountants and clerical personnel working on similar tasks. They have been replaced by smaller technical units of accountants, systems specialists, and financial analysts, who are responsible for complex accounting, and analytical procedures. The average education of fiscal personnel throughout the State has increased substantially in response to the increased sophistication and complexity of financial operations. In the Department of Accounts alone, the percentage of professional level employees with undergraduate or graduate degrees rose from 57 percent in 1983 to 99 percent in 1990. In 1983, the percentage of Certified Public Accountants at the Department of Accounts was 12 percent; in 1990, it was 29 percent, which equates to 31 individuals. Similar changes have occurred in many agencies and institutions in the Commonwealth.

The following illustrates the type of sophistication that is now a daily part

of the Commonwealth's financial operations:

1. Each pay day, the Commonwealth pays approximately 96,800 full-time and 19,500 part-time employees. They occupy 3,730 different positions or job classifications, and have salaries ranging through 23 different grades, with 20 levels within each grade. In many cases, the employees work varying hours and may select from a variety of benefits programs.

2. Each year, Virginia's Department of Taxation collects income taxes from approximately 2.9 million individuals, and from 141,000 corporations and other businesses on a variety of schedules. In addition, the Commonwealth collects other taxes, fees, and revenues from approximately 355,000 separate sources. Each of these additional revenue types has its own authority granted by the *Code of Virginia*, and, in many cases, is supported by separate collections staff, procedures and systems.

3. During the 1991 fiscal year, the Commonwealth recovered approximately $64.7 million in overhead costs expended in support of federal grants and contracts and other nongeneral fund initiatives. Those recoveries, largely governed by federal regulations, are supported by a series of technically complex cost accounting analyses. These indirect cost recovery plans, most of which are now prepared with the assistance of specialized computer software, track and allocate agency and Statewide costs to one or more purposes. Through the use of our current methodology and systems, the Commonwealth has increased its recovery of indirect costs by almost 300 percent, or from $16.5 million per year in 1986 to the current level of $64.7 million per year in 1991.

4. All agencies and institutions of the Commonwealth currently submit their vendor payments, travel reimbursement requests, and other financial transactions for processing to the State's central accounting system, the Commonwealth Accounting and Reporting System, through electronic means, as opposed to the previous paper submission process. Agencies are able to identify transactions which need to be corrected by viewing an on-line computer screen. Through this conversion to electronic means, approximately 13 positions involved with the centralized keying of data have been eliminated at the Department of Accounts, and the volume of paper submitted in support of such transactions has been reduced by over 50 percent.

Each month, the most advanced check printing equipment available in the United States processes an average of 141,600 paychecks and 127,000 vendor payments.

5. At year end, the Commonwealth was owed approximately $753.0 million. Taxpayers, patients of State-supported hospitals, and businesses incurring compensation claims owed approximately 68 percent of this amount. To ensure that the Commonwealth does not inadvertently disburse money to individuals and businesses who are past due in their payments to the State, three debt setoff programs have been instituted:

   - The original program, started in 1982, offsets debts against individual State tax refund payments. This program recovered $12.3 million in fiscal year 1991.

   - The second, started in 1988, offsets individual lottery winnings. This program recovered $146,273 in fiscal year 1991.

   - The third program, called the Comptroller's Debt Setoff Program, prevents payments to vendors who do business with the Commonwealth and also owe past-due debts. The program was implemented in June, 1991.

   Each of these setoff programs involves the sophisticated daily application of computer technology.

6. The Commonwealth maintains the most advanced check printing equipment available in the United States. On blank check stock, this equipment types the name of the bank, the magnetic codes used by the bank clearinghouses, the payee information and the amount of the check. The equipment automatically rejects checks that

cannot be read by banks and has virtually eliminated the rejection of checks at banks. Prior to use of this equipment, the Commonwealth maintained over two dozen preprinted check stocks.

7. The Department of Treasury invests and reinvests an average of $1.8 billion in available cash balances, both those associated with general operations of the Commonwealth, and those associated with the Commonwealth's various trust funds. This investment activity takes place using the same technology and computerized support systems utilized by major banking and financial investment firms.

Annual Reports

The most fundamental way in which a state government can demonstrate fiscal accountability is through the compilation and publication of annual financial statements. These statements should be prepared in conformance with GAAP, which is established for state governments by the Governmental Accounting Standards Board (GASB). In addition, the financial statements should be included within a comprehensive annual financial report that encompasses other financially related information, as recommended by the Government Finance Officers Association (GFOA).

In 1984, the General Assembly approved legislation with the full support of the Governor to require that the Annual Report of the Comptroller include financial statements prepared in conformance with GAAP. The Commonwealth's conversion to comply with GAAP basis reporting was completed with its report for the fiscal year ending June 30, 1986. From that point forward, the Annual Report of the Comptroller has been prepared in conformance with GAAP and has received an unqualified opinion from the State's Auditor of Public Accounts.

Since 1986, the Annual Report of the Comptroller has also received the Certificate of Achievement for Excellence in Financial Reporting, as presented by GFOA. The GFOA Certificate Program is based on a rigorous technical review of a government entity's annual report, and requires the state to not only produce GAAP basis financial statements, but to conform to stringent disclosure requirements of other financial information, and demonstrate conformance with the recommendations of the GFOA program.

Supporting the preparation of GAAP basis financial statements by the Commonwealth are the underlying reporting efforts of the over 160 agencies and institutions in the Commonwealth. These agencies and institutions are each required to prepare cash or GAAP basis financial statements that are audited by the Auditor of Public Accounts, and submit them to the Comptroller for review and use. Over the years this requirement has been in place, there has been a remarkable improvement on the part of agencies and institutions to comprehend and properly handle complex financial transactions, and report those in the appropriate manner. For example, the vast majority of the Commonwealth's colleges and universities, which are among the most sophisticated financial entities, now routinely receive unqualified opinions from the Auditor of Public Accounts.

Strengthened Financial Systems

The Commonwealth began the 1991 fiscal year having completed the conversion of its agencies and institutions to the use of the new on-line, database oriented, Commonwealth Integrated Payroll/Personnel System, a large and sophisticated system. Implementation of the system resulted in the elimination of tremendous volumes of paper that were previously submitted to the Comptroller's office for processing.

As of July 1, 1990, the Commonwealth had converted all of its agencies and institutions to a new automated method for recording financial transactions in the Commonwealth Accounting and Reporting System. Throughout the current fiscal year, all agencies and institutions have submitted disbursement and other accounting transactions to the Department of

Close monitoring of the Commonwealth's investments of approximately $1.8 billion resulted in an average 8 percent yield.

Accounts via electronic media. For many agencies, this has been through the use of on-line computer terminals, while other agencies have used magnetic tape or disk-to-disk transfer for their data submission. Not only are agencies transmitting transactions in this manner, but all agencies are able to use the on-line inquiry feature to determine the status of transactions. Agencies can also retrieve and download key financial information for analytical and other purposes.

The Code of Virginia *requires regular performance reporting on management of accounts receivable.*

Financial Management

The financial process begins with the enactment of the Appropriation. In this statute, the General Assembly, representing the citizens of the Commonwealth, establishes appropriations of the revenues which are anticipated to be received and states the conditions under which those appropriations are to be spent. It is the responsibility of the Department of Planning and Budget and the Department of Accounts to monitor the allotment and the expenditure of appropriations to ensure that legislative intent is observed.

With fiscal accountability well established and modern systems in place, the ultimate measure of a financial organization's ability to contribute lies in its ability to analyze financial information. This analysis can provide insight to senior management to help ensure that government operates in an efficient and effective manner. Following are several examples of the use of performance-based financial reporting that have resulted in clear improvements in agency performance in recent years.

Accounts Receivable Reporting. The performance of Commonwealth agencies and institutions in managing and collecting accounts receivable is reported to the Governor, selected members of the General Assembly, the Governor's Secretaries, and agency heads on a quarterly basis. The performance of each agency is measured in terms of six performance indicators.

Presentation of performance indicators help translate a tremendous volume of financial activity into a "bottom line" of performance that can be quickly comprehended and assessed by senior state executives. Through the use of the performance ratios, and the competition among agencies that they engender, performance on the part of agencies in managing and controlling receivables has improved. There is observably greater use of the legal mechanisms provided by the 1988 Debt Collection Act, greater use of creativity and initiative on the part of individual agencies, and greater use of the collection arm of the Office of the Attorney General.

Prompt Payment. The 1984 session of the General Assembly passed legislation requiring that all bills of the Commonwealth be paid when due. Since that point, the Comptroller has reported the performance of individual agencies and institutions to the Governor's Secretaries on a monthly basis. The performance requirement is that at least 95 percent of all vendor payments be paid when due.

The Governor and his Secretaries and key members of the General Assembly receive a prompt payment performance report that illustrates cumulative performance by Secretarial area, and highlights those relatively few agencies who are not meeting this performance requirement. Through the involvement of senior State executives within this performance area, the Commonwealth has consistently achieved an overall performance level exceeding 95 percent for each of the past four years. In addition, those agencies who periodically fail to meet the performance standard are highlighted, and are required to prepare and execute plans of action that will ensure compliance with this legislation.

Direct Deposit. Since 1984, the Commonwealth has offered employees of approved agencies the opportunity to participate in a program by which their payroll checks are directly deposited electronically into their respective bank accounts. For the first few years of this program, the average participation of approved agencies continued in the upper 50 percent range. However, with the introduction two years ago of a new

performance-oriented management report, performance has risen dramatically to where all agencies and institutions of the Commonwealth have now been approved to use the program. Seventy percent of all eligible employees now participate in this program, with many agencies experiencing over 90 percent participation. The key to dramatic improvement in the use of this new technology came from providing a performance report to the Governor's Secretaries, and to agency heads, that allowed them to assess their participation rate in relation to the performance of their colleagues.

Cash Projections. Monthly revenue receipt and expenditure activity of the Commonwealth totals hundreds of millions of dollars. When these monies are deposited, how they are invested, and when they are required to meet disbursement needs represent significant technical and managerial challenges for the Commonwealth's financial officials. To assist in ensuring that the best money management decisions are made, the Commonwealth has maintained an active program of projecting cash balances.

These cash projection techniques are continually revised for improved accuracy. This has given senior fiscal officers of the Commonwealth an even greater and enhanced ability to make decisions as to the placement of investment vehicles and the timing of cash transactions.

Revenue Reports. The General Fund budget of the Commonwealth is directly impacted by the amount of revenue that the Commonwealth estimates it will receive during a given biennium. Accordingly, the revenue estimating process is one of the most important procedures carried out by the Secretary of Finance and the Department of Taxation. This process has undergone an extensive review by the Executive Branch and by the Joint Legislative Audit and Review Commission. As a result, various recommendations for improving the revenue estimating process have been implemented. The Commonwealth ended the 1991 fiscal year having received $51.5 million of General Fund revenues in excess of the estimate. This performance, in part, demonstrates the proficiency of the revenue estimating process, even in uncertain economic times, and the attention given to the importance of that process by senior Commonwealth financial executives.

The reports mentioned above are examples of financial and management information that regularly flow to the senior executives of the Commonwealth of Virginia. At the heart of many of these reporting approaches is the notion of competitive performance between agencies, and among Secretarial areas. It is an approach that has worked extremely well within the Commonwealth, and one that has resulted in improved financial and management performance.

One of the important changes that has occurred in the way information flows to senior Commonwealth managers has been the implementation, by the Comptroller, of regular quarterly financial performance reviews with each of the Governor's Secretaries. These reviews cover several key performance indicators, including an agency's performance in eliminating any internal control and compliance problems noted within audit reports from the Auditor of Public Accounts.

These regular exchanges of information permit each Secretary to receive a senior level briefing, and an overview of selected performance indicators of agencies and institutions under his or her responsibility. Through this exchange of information, the Secretaries and the Comptroller play a joint and mutually supporting role in bringing about the highest levels of performance possible from state agencies and institutions.

The Future

The maintenance of fiscal accountability and the achievement of high levels of financial management are an evolving process. As enhanced financial and accounting systems are implemented, careful consideration must be given to maintaining proper financial and operational controls over these complex systems.

The Comptroller also supports an active program of technical accounting research, which, in part, recognizes the continuing efforts of the Governmental Accounting Standards Board to improve the reporting of government financial activities. The Commonwealth is a leader in commenting upon, and participating in, the development of new standards issued by GASB.

In addition, the Comptroller's office conducts research into new approaches in financial analysis and reporting. The general goal of this effort is to produce positive, visibly improved financial performance, and to work with others in creating an effective "bottom line" measurement for State government activities.

Each year, Virginia processes income tax returns from over 3 million individuals and businesses.

Organization of Government

As of July 1, 1991

Executive

Governor

- Chief-of-Staff
  - Virginia Liaison Office
  - Secretary of the Commonwealth

Attorney General

- Department of Law

Lieutenant Governor

Administration

Secretary of Administration
- Commission on Local Government
- Compensation Board
- Department of Employee Relations Counselors
- Department of General Services
- Department of Information Technology
- Department of Personnel and Training
- State Board of Elections
- Virginia Retirement System
- Council on Human Rights
- Council on Information Management
- Department of Veterans' Affairs

Finance

Secretary of Finance
- Department of Accounts
- Department of the State Internal Auditor
- Department of Planning and Budget
- Department of Taxation
- Department of the Treasury
- Treasury Board

Economic Development

Secretary of Economic Development
- Department of Agriculture and Consumer Services
- Department of Commerce
- Department of Economic Development
- Department of Housing and Community Development
- Department of Labor and Industry
- Department of Mines, Minerals and Energy
- Milk Commission
- Department of Minority Business Enterprise
- Virginia Employment Commission
- Department of Forestry
- Virginia Port Authority
- Virginia Racing Commission

Health and Human Resources

Secretary of Health and Human Resources
- Department for Rights of Virginians with Disabilities
- Department for the Aging
- Department of Health
- Department of Health Professions
- Department of Medical Assistance Services
- Department of Mental Health, Mental Retardation and Substance Abuse Services
- Department of Rehabilitative Services
- Department of Social Services
- Governor's Employment and Training Department
- Department for the Visually Handicapped
- Department for the Deaf and Hard-of-Hearing
- Health Services Cost Review Council
- Virginia Council on Child Day Care and Early Childhood Programs

Public Safety

Secretary of Public Safety
- Commonwealth's Attorneys' Services and Training Council
- Department of Alcoholic Beverage Control
- Department of Corrections
- Department of Criminal Justice Services
- Department of Fire Programs
- Department of Military Affairs
- Department of State Police
- Department of Correctional Education
- Department of Emergency Services
- Virginia Parole Board
- Department of Youth and Family Services

Transportation

Secretary of Transportation
- Department of Aviation
- Department of Motor Vehicles
- Department of Transportation
- Commission on the Virginia Alcohol Safety Action Program

Education

Secretary of Education
- Christopher Newport College
- The College of William and Mary in Virginia
- George Mason University
- The Science Museum of Virginia
- Board of Regents of Gunston Hall
- University of Virginia
- James Madison University
- Frontier Culture Museum of Virginia
- Jamestown-Yorktown Foundation
- Virginia Commonwealth University
- Longwood College
- Virginia Community College System
- Mary Washington College
- Virginia Military Institute
- Norfolk State University
- Old Dominion University
- Virginia Polytechnic Institute and State University
- Radford University
- Virginia State Library and Archives
- State Council of Higher Education for Virginia
- Virginia State University
- Department of Education
- Virginia Museum of Fine Arts
- Commission for the Arts

Natural Resources

Secretary of Natural Resources
- Department of Game and Inland Fisheries
- Department of Conservation and Recreation
- Department of Historic Resources
- Council on the Environment
- Marine Resources Commission
- Department of Air Pollution Control
- Department of Waste Management
- State Water Control Board
- Virginia Museum of Natural History
- Chesapeake Bay Local Assistance Department
- Chippokes Plantation Farm Foundation

Legislative

- Senate
- House of Delegates
- Auditor of Public Accounts
- Division of Legislative Automated Systems
- Division of Legislative Services
- Joint Legislative Audit and Review Commission
- Legislative Support Commission
- Division of Capitol Police
- Virginia Coal and Energy Commission
- Virginia Code Commission
- Virginia Commission on Intergovernmental Cooperation
- Virginia State Crime Commission
- Virginia Housing Study Commission
- State Water Commission
- National Conference of Commissioners on Uniform State Laws
- Commission on Population Growth and Development
- Youth Services Commission

Judicial

- Supreme Court
- Court of Appeals of Virginia
- Circuit Courts
- District Courts
- Judicial Inquiry and Review Commissions
- Magistrate System
- Public Defender Commission
- State Board of Bar Examiners
- Virginia State Bar

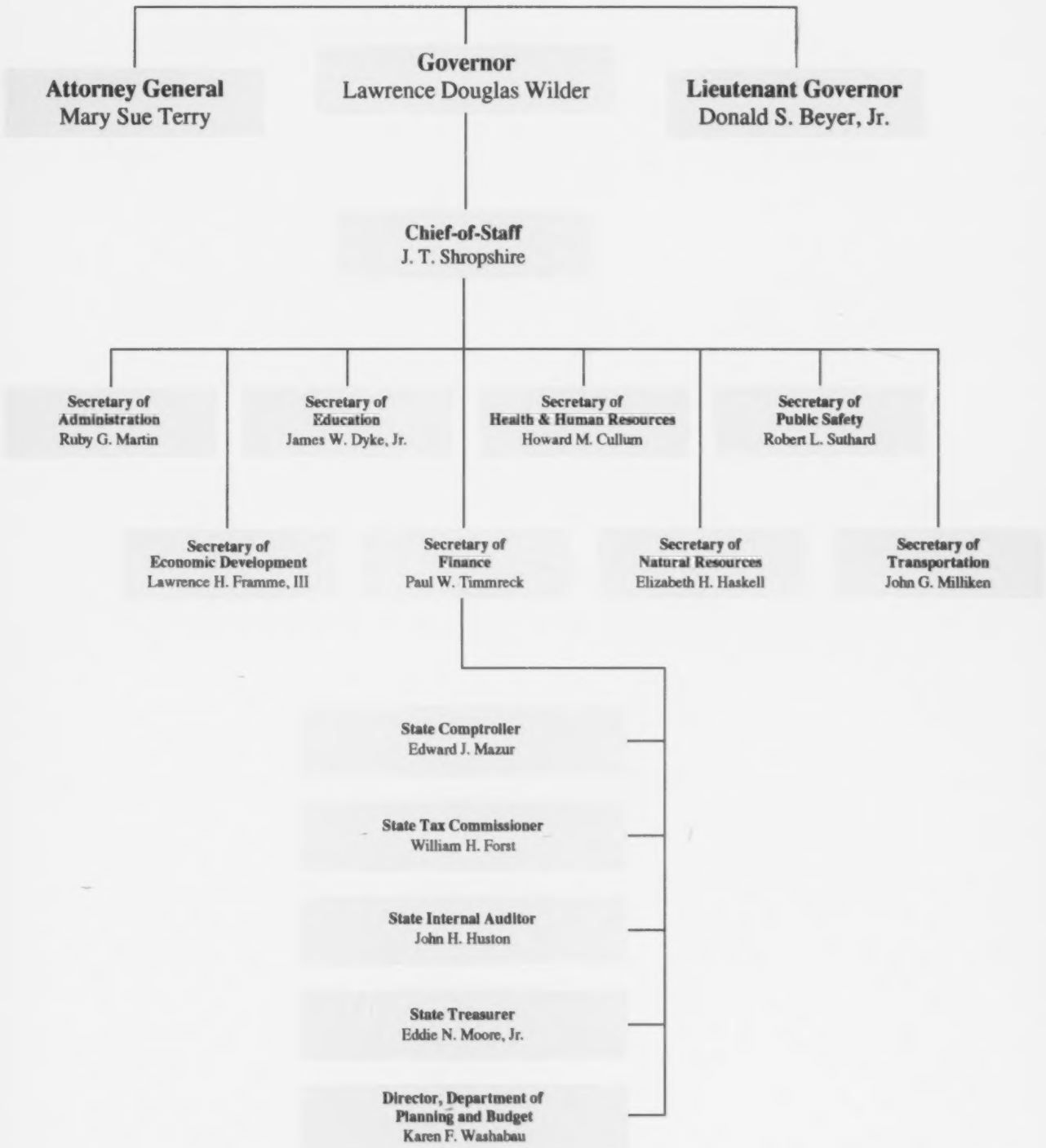
Independent Agencies

- State Corporation Commission
- Department of Workers' Compensation
- State Lottery Department

Public Benefit Corporations

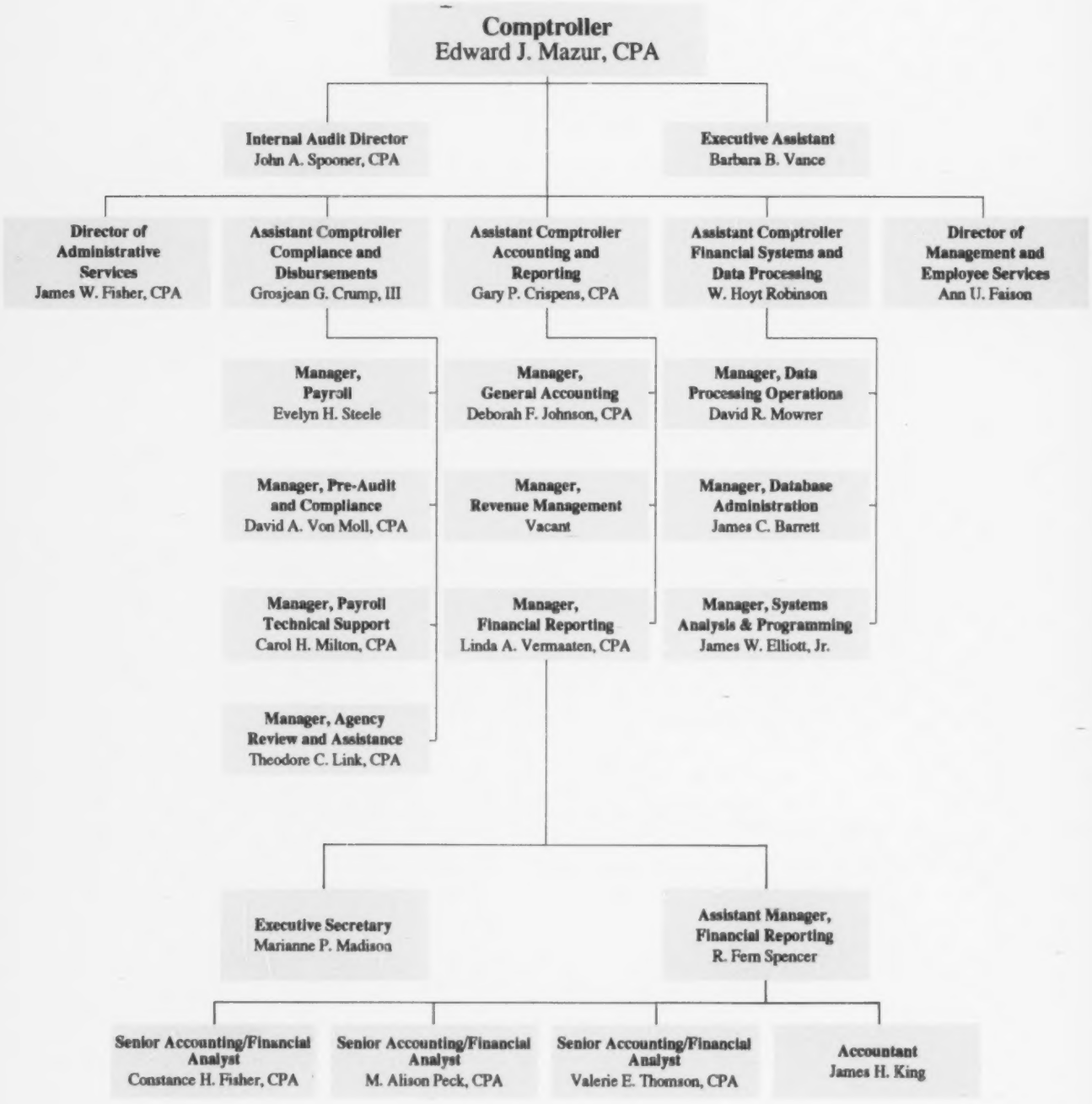
- Virginia Housing Development Authority
- Virginia Education Loan Authority
- Virginia International Terminals, Inc.
- Virginia Resources Authority
- State Education Assistance Authority
- Virginia Public School Authority

Organization of Government
Selected State Officials —Executive Branch
As of July 1, 1991



Department of Accounts

Organization Chart
As of July 1, 1991



FINANCIAL SECTION

Independent Auditor's Report
General Purpose Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements

Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23210

November 30, 1991

The Honorable Lawrence Douglas Wilder
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Ford C. Quillen
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

Gentlemen:

We have audited the general purpose financial statements of the Commonwealth of Virginia as of and for the year ended June 30, 1991, as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain component units of the Commonwealth discussed in Note 1(B) which statements reflect total assets of $4,783,839,000 as of June 30, 1991, and total revenues of $487,409,000 for the year then ended. The financial statements of these component units were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for Enterprise Funds - Public Benefit Corporations, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Virginia as of June 30, 1991, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 20 to the financial statements, the Commonwealth changed its method of reporting certain risk management activities in 1991. Also, as discussed in Note 20 to the financial statements, the Commonwealth changed its method of reporting inventories for governmental fund types.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The combining and individual fund financial statements listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Virginia. This information, and not the information in the Introductory and Statistical Sections, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the fund types and account groups included in the general purpose financial statements taken as a whole. We express no opinion on the information in the Introductory or Statistical Sections.

Sincerely,

AUDITOR OF PUBLIC ACCOUNTS

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1991
(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash, Cash Equivalents, and Investments (Notes 1 and 6):				
State	$ 35,923	$ 651,257	$ 55,486	$ 149,701
Public Benefit Corporations	-	-	-	-
Petty Cash and Travel Advances	3,803	1,808	-	-
Taxes, Loans, Accounts, and Other Receivables (Net) (Notes 1 and 7):				
State	281,322	459,557	-	589
Public Benefit Corporations	-	-	-	-
Due from Other Funds (Note 16)	4,176	115	-	203
Interfund Receivables (Note 16)	-	17,894	-	-
Loans Receivable from Proprietary Funds (Notes 1 and 16)	7,089	319,922	-	-
Inventory (Note 1)	1,569	51,282	-	-
Restricted Assets	-	-	-	-
Prepaid Expenses	-	-	-	-
Other Assets	-	-	28	-
Property, Plant, and Equipment (Notes 1 and 8)	-	-	-	-
Unamortized Bond Issuance Expense	-	-	-	-
Advances to Other Funds (Note 16)	-	-	-	-
Other Debits:				
Amount Available for Retirement of Long-Term Debt	-	-	-	-
Amount to be Provided by the Commonwealth for Retirement of Long-Term Debt	-	-	-	-
Amount to be Provided by Other Sources for Retirement of Long-Term Debt	-	-	-	-
Total Assets and Other Debits	$ 333,882	$ 1,501,835	$ 55,514	$ 150,493
Liabilities, Equity, and Other Credits				
Liabilities:				
Accounts Payable	$ 173,253	$ 309,782	$ -	$ 13,517
Tax Refunds Payable (Note 1)	43,069	-	-	-
Amounts Due to Other Governments	123,576	33,169	-	-
Accrued Interest Payable - Public Benefit Corporations	-	-	-	-
Deposits Pending Distribution	421	2,919	-	-
Obligations Under Reverse Repurchase Agreements (Note 6)	-	-	-	-
Claims Payable (Notes 1 and 12)	-	-	-	-
Notes Payable (Note 14)	-	-	-	-
Lottery Prizes Payable (Note 15)	-	-	-	-
Other Liabilities	-	25	312	-
Due to Other Funds (Note 16)	6,866	8,400	-	-
Interfund Payables (Note 16)	-	-	-	-
Loans Payable (Note 16)	-	-	-	-
Deferred Revenue (Note 1)	-	31,056	-	-
Deferred Credit (Note 1)	250,437	-	-	-
Advances from Other Funds (Note 16)	-	3,600	-	-
General Obligation Bonds Payable (Note 14)	-	-	-	-
Parking Facilities Bonds Payable (Note 14)	-	-	-	-
Transportation Bonds Payable (Note 14)	-	-	-	-
Higher Education Bonds Payable (Note 14)	-	-	-	-
Matured Interest Payable	-	-	5,266	-
Matured Debt Payable	-	-	7,416	-
Norfolk-Virginia Beach Toll Road Revenue Bonds (Note 14)	-	-	-	-
Long-Term Debt of Virginia Port Authority, Virginia Public Building Authority, and Innovative Technology Authority (Note 14)	-	-	-	-
Bonds Payable - Public Benefit Corporations (Note 14)	-	-	-	-
Due to Program Participants, Escrows, and Providers	-	-	-	-
Capital Lease Obligations (Note 14)	-	-	-	-
Accrued Liability for Compensated Absences (Note 1)	1,311	1,479	-	3
Total Liabilities	598,933	390,430	12,994	13,520
Equity and Other Credits:				
Net Investment in Plant	-	-	-	-
Investment in General Fixed Assets	-	-	-	-
Contributed Capital (Note 18)	-	-	-	-
Retained Earnings:				
State	-	-	-	-
Public Benefit Corporations	-	-	-	-
Fund Balances (Deficits):				
Reserved (Notes 1 and 17)	9,694	474,766	42,520	-
Unreserved (Note 1)	(274,745)	636,639	-	136,973
Total Equity and Other Credits (Note 2)	(265,051)	1,111,405	42,520	136,973
Total Liabilities, Equity, and Other Credits	$ 333,882	$ 1,501,835	$ 55,514	$ 150,493

The accompanying notes are an integral part of this financial statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Higher Education	June 30, 1991	June 30, 1990
$ 161,933	$ 173,908	$ 13,101,085	$ -	$ -	$ 1,280,957	$ 15,610,250	$ 14,126,704
2,158,226	-	-	-	-	-	2,158,226	1,928,695
181	58	12	-	-	-	5,862	5,956
12,213	14,649	499,678	-	-	275,724	1,543,732	1,374,883
3,607,184	-	-	-	-	-	3,607,184	3,445,200
3,400	5,000	6,186	-	-	57,802	76,882	258,486
-	-	-	-	-	-	17,894	37,972
-	-	-	-	-	-	327,011	314,781
43,900	7,924	788	-	-	26,351	131,814	72,504
1,524	-	-	-	-	-	1,524	1,445
4,294	5,724	-	-	-	10,619	20,637	12,564
-	-	-	-	-	14,388	14,416	12,959
77,091	27,047	699	2,281,685	-	3,525,958	5,912,480	5,595,893
7,465	-	-	-	-	-	7,465	7,738
3,600	-	-	-	-	-	3,600	-
-	-	-	-	42,520	-	42,520	40,572
-	-	-	-	427,517	-	427,517	446,142
-	-	-	-	799,249	-	799,249	753,215
$ 6,081,011	$ 234,310	$ 13,608,448	$ 2,281,685	$ 1,269,286	$ 5,191,799	$ 30,708,263	$ 28,435,709
$ 58,512	$ 7,993	$ 196,419	$ -	$ -	$ 106,577	$ 866,053	$ 797,336
-	-	-	-	-	-	43,069	45,684
-	-	475,528	-	-	-	632,273	495,039
94,116	-	-	-	-	-	94,116	94,410
9	-	15,591	-	-	57,191	76,131	62,537
-	-	-	-	-	42,746	42,746	31,488
5,706	116,197	-	-	18,389	-	140,292	134,031
117,336	2,577	-	-	18,390	18,223	156,526	162,948
130,465	-	-	-	-	-	130,465	25,223
10,833	510	149,626	-	-	3,027	164,333	112,260
1,217	2,819	2,387	-	-	55,193	76,882	258,486
9,746	-	-	-	-	8,148	17,894	37,972
319,922	7,089	-	-	-	-	327,011	314,781
25,706	7,521	1,013	-	-	53,228	118,524	126,092
-	-	-	-	-	-	250,437	281,871
-	-	-	-	-	-	3,600	-
-	-	-	-	44,870	-	44,870	51,445
-	-	-	-	10,895	-	10,895	-
-	-	-	-	492,983	-	492,983	501,689
-	-	-	-	-	641,012	641,012	610,767
-	-	-	-	-	-	5,266	6,139
1,521	-	-	-	-	-	8,937	7,146
-	-	-	-	9,080	-	9,080	9,575
-	-	-	-	485,795	-	485,795	433,490
4,451,954	-	-	-	-	-	4,451,954	4,149,557
123,823	-	207,438	-	-	-	331,261	306,259
-	-	-	-	15,825	5,391	21,216	26,090
7,262	2,559	543	-	173,059	83,188	269,404	258,462
5,358,128	147,265	1,048,545	-	1,269,286	1,073,924	9,913,025	9,340,777
-	-	-	-	-	2,915,705	2,915,705	2,786,328
-	-	-	2,281,685	-	-	2,281,685	2,094,946
114,658	5,676	-	-	-	-	120,334	80,716
35,629	81,369	-	-	-	-	116,998	88,364
572,596	-	-	-	-	-	572,596	530,373
-	-	11,350,922	-	-	260,862	12,138,764	10,723,047
-	-	1,208,981	-	-	941,308	2,649,156	2,791,158
722,883	87,045	12,559,903	2,281,685	-	4,117,875	20,795,238	19,094,932
$ 6,081,011	$ 234,310	$ 13,608,448	$ 2,281,685	$ 1,269,286	$ 5,191,799	$ 30,708,263	$ 28,435,709

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only) Year Ended	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1991	June 30, 1990
Revenues:							
Taxes	$ 5,360,673	$ 1,118,106	$ -	$ -	$ 144,707	**$ 6,623,486**	$ 6,633,378
Rights and Privileges	12,091	421,271	-	-	-	**433,362**	422,287
Sale of Property	71,209	-	-	-	-	**71,209**	-
Assessments and Receipts for Support of Special Services	518	41,501	-	-	228	**42,247**	37,661
Institutional Revenue	3,980	225,955	-	-	10,838	**240,773**	265,694
Interest, Dividends, and Rents	37,449	54,454	3,426	10,752	65,993	**172,074**	272,026
Fines, Forfeitures, Court Fees, Penalties, and Escheats	49,729	49,603	-	-	590	**99,922**	85,720
Federal Grants and Contracts	-	2,016,641	-	-	3,859	**2,020,500**	1,719,910
Receipts from Cities, Counties, and Towns	1,306	101,925	-	-	-	**103,231**	120,753
Private Donations, Gifts, and Contracts	26	2,543	-	-	229	**2,798**	6,032
Contributions	-	-	-	-	62,991	**62,991**	67,144
Other	16,148	45,824	-	-	36,542	**98,514**	157,935
Total Revenues	5,553,129	4,077,823	3,426	10,752	325,977	**9,971,107**	9,788,540
Expenditures:							
Current:							
General Government	285,388	26,179	-	-	64,380	**375,947**	402,706
Education	2,359,283	248,461	-	-	2,980	**2,610,724**	2,471,299
Transportation	4,855	1,771,290	-	-	-	**1,776,145**	1,882,464
Resources and Economic Development	178,864	188,102	-	-	9,061	**376,027**	394,569
Individual and Family Services	1,297,873	1,669,213	-	-	326,512	**3,293,598**	2,926,715
Administration of Justice	965,880	19,536	-	-	8,968	**994,384**	979,650
Capital Outlay	31,075	12,589	-	108,594	530	**152,788**	226,203
Debt Service:							
Principal Retirement	-	-	38,950	-	-	**38,950**	27,977
Interest and Charges	-	-	62,866	-	-	**62,866**	71,281
Total Expenditures	5,123,218	3,935,370	101,816	108,594	412,431	**9,681,429**	9,382,864
Revenues Over (Under) Expenditures	429,911	142,453	(98,390)	(97,842)	(86,454)	**289,678**	405,676
Other Financing Sources (Uses):							
Transfers:							
Operating Transfers In	841,459	2,189,763	98,426	23,962	74,179	**3,227,789**	3,067,012
Operating Transfers Out	(1,981,182)	(2,227,755)	-	(2,473)	(42,530)	**(4,253,940)**	(4,043,267)
ABC Profit	26,109	-	-	-	-	**26,109**	23,911
Appropriations Act	555,543	(153,753)	-	-	(4,027)	**397,763**	27,006
Proceeds from Capital Leases	2,696	456	-	-	-	**3,152**	1,313
Proceeds from Sale of Bonds	-	-	1,912	79,048	-	**80,960**	200,000
Total Other Financing Sources (Uses)	(555,375)	(191,289)	100,338	100,537	27,622	**(518,167)**	(724,025)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(125,464)	(48,836)	1,948	2,695	(58,832)	**(228,489)**	(318,349)
Fund Balance (Deficit), July 1	(139,587)	1,112,105	40,572	134,278	1,267,813	**2,415,181**	2,733,530
Increase in Reserve for Inventory (Note 20)	-	48,136	-	-	-	**48,136**	-
Fund Balance (Deficit), June 30	$ (265,051)	$ 1,111,405	$ 42,520	$ 136,973	$ 1,208,981	**$ 2,234,828**	$ 2,415,181

The accompanying notes are an integral part of this financial statement.

Building needs of higher education institutions and other agencies are identified in a six year capital outlay plan.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis General and Special Revenue Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 3,188,000	$ 3,236,011	$ 48,011
State Sales and Use	1,339,200	1,336,475	(2,725)
Corporation Income	262,800	279,235	16,435
Public Service Corporations	98,800	95,488	(3,312)
Motor Fuel	-	-	-
Motor Vehicle Sales and Use	-	-	-
Premiums of Insurance Companies	153,900	157,677	3,777
Other Taxes	227,600	236,389	8,789
Rights and Privileges	20,700	19,812	(888)
Sales of Property	71,000	71,209	209
Assessments and Receipts for Support of Special Services	500	537	37
Institutional Revenue	2,400	3,946	1,546
Interest, Dividends, and Rents	53,100	37,839	(15,261)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	52,500	49,343	(3,157)
Federal Grants and Contracts	-	-	-
Receipts from Cities, Counties, and Towns	1,300	1,306	6
Private Donations, Gifts and Contracts	-	26	26
Other	19,500	27,397	7,897
Total Revenues	5,491,300	5,552,690	61,390
Expenditures:			
Current:			
General Government	313,737	296,512	17,225
Education	2,426,265	2,397,093	29,172
Transportation	5,075	4,855	220
Resources and Economic Development	213,527	192,524	21,003
Individual and Family Services	1 411,652	1,374,509	37,143
Administration of Justice	1,016,118	967,740	48,378
Capital Outlay	28,509	28,509	-
Total Expenditures	5,414,883	5,261,742	153,141
Revenues Over (Under) Expenditures	76,417	290,948	214,531
Other Financing Sources (Uses):			
Transfers:			
ABC Profit	29,900	26,187	(3,713)
Appropriations Act	621,952	555,312	(66,640)
Operating Transfers In	78,639	835,861	757,222
Operating Transfers Out	(1,074,715)	(1,837,568)	(762,853)
Proceeds from Sale of Bonds	-	-	-
Total Other Financing Sources (Uses)	(344,224)	(420,208)	(75,984)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(267,807)	(129,260)	138,547
Fund Balance, July 1	174,799	174,799	-
Fund Balance (Deficit), June 30	$ (93,008)	$ 45,539	$ 138,547

The accompanying notes are an integral part of this financial statement.

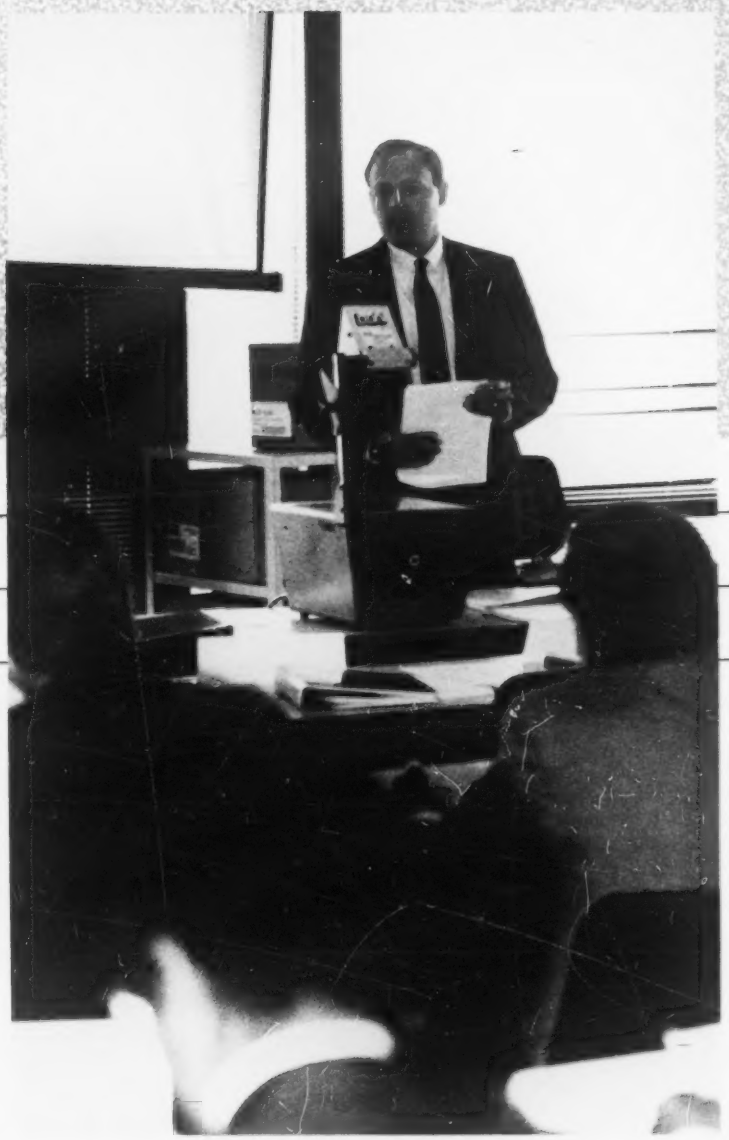
Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ 3,188,000	$ 3,236,011	$ 48,011
224,182	223,392	(790)	1,563,382	1,559,867	(3,515)
-	-	-	262,800	279,235	16,435
-	-	-	98,800	95,488	(3,312)
629,337	624,236	(5,101)	629,337	624,236	(5,101)
262,503	230,381	(32,122)	262,503	230,381	(32,122)
-	-	-	153,900	157,677	3,777
66,495	31,677	(34,818)	294,095	268,066	(26,029)
416,751	413,100	(3,651)	437,451	432,912	(4,539)
7,791	8,819	1,028	78,791	80,028	1,237
41,820	41,503	(317)	42,320	42,040	(280)
236,697	242,003	5,306	239,097	245,949	6,852
11,045	46,704	35,659	64,145	84,543	20,398
7,742	12,348	4,606	60,242	61,691	1,449
2,086,627	1,863,796	(222,831)	2,086,627	1,863,796	(222,831)
73,671	136,096	62,425	74,971	137,402	62,431
1,073	1,644	571	1,073	1,670	597
55,465	39,113	(16,352)	74,965	66,510	(8,455)
4,121,199	3,914,812	(206,387)	9,612,499	9,467,502	(144,997)
55,338	26,805	28,533	369,075	323,317	45,758
324,676	224,402	100,274	2,750,941	2,621,495	129,446
2,268,061	1,783,258	484,803	2,273,136	1,788,113	485,023
232,555	188,707	43,848	446,082	381,231	64,851
1,683,255	1,571,432	111,823	3,094,907	2,945,941	148,966
37,575	19,202	18,373	1,053,693	986,942	66,751
24,408	24,408	-	52,917	52,917	-
4,625,868	3,838,214	787,654	10,040,751	9,099,956	940,795
(504,669)	76,598	581,267	(428,252)	367,546	795,798
-	-	-	29,900	26,187	(3,713)
(76,718)	(153,806)	(77,088)	545,234	401,506	(143,728)
-	2,083,473	2,083,473	78,639	2,919,334	2,840,695
-	(2,098,587)	(2,098,587)	(1,074,715)	(3,936,155)	(2,861,440)
-	4,110	4,110	-	4,110	4,110
(76,718)	(164,810)	(88,092)	(420,942)	(585,018)	(164,076)
(581,387)	(88,212)	493,175	(849,194)	(217,472)	631,722
688,679	688,679	-	863,478	863,478	-
$ 107,292	$ 600,467	$ 493,175	$ 14,284	$ 646,006	$ 631,722

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) Year Ended	
	Enterprise	Internal Service	Pension Trust	Non-expendable Trust	June 30, 1991	June 30, 1990
Operating Revenues:						
Interest, Dividends, and Rents:						
State	$ -	$ -	$ 756,378	$ -	**$ 756,378**	$ 732,634
Public Benefit Corporations	446,460	-	-	-	**446,460**	429,117
Special Allowance Income	5,909	-	-	-	**5,909**	8,543
Charges for Sales and Services	1,199,967	531,062	-	-	**1,731,029**	1,393,130
Contributions	-	-	758,732	-	**758,732**	873,969
Net Gain on Sale of Investments	-	-	336,347	711	**337,058**	138,421
Other	5,964	88	37	-	**6,089**	9,121
Total Operating Revenues	1,658,300	531,150	1,851,494	711	**4,041,655**	3,584,935
Operating Expenses:						
Interest Expense:						
Public Benefit Corporations	345,790	-	-	-	**345,790**	334,756
Cost of Sales and Services	256,484	48,898	-	-	**305,382**	289,890
Retirement Benefits	-	-	439,201	-	**439,201**	390,113
Insurance Claims	2,545	349,006	-	-	**351,551**	414,480
Refunds to Former Members	-	-	33,520	-	**33,520**	31,670
Personal Services	86,346	27,933	5,107	-	**119,386**	110,980
Contractual Services	126,056	53,972	3,249	-	**183,277**	136,740
Supplies and Materials	10,625	2,948	134	-	**13,707**	13,279
Grants and Distributions to Localities	102	8	-	-	**110**	50
Expendable Equipment	562	234	11	-	**807**	805
Depreciation	11,172	8,542	190	-	**19,904**	17,630
Amortization	1,105	-	-	-	**1,105**	857
Rent, Insurance, and Other Related Charges	11,596	7,987	948	-	**20,531**	19,401
Lottery Prize Expense	421,007	-	-	-	**421,007**	252,356
Other	9,220	281	178	-	**9,679**	9,177
Total Operating Expenses	1,282,610	499,809	482,538	-	**2,264,957**	2,022,184
Operating Income (Loss):						
State	321,486	31,341	1,368,956	711	**1,722,494**	1,488,875
Public Benefit Corporations	54,204	-	-	-	**54,204**	73,876
Total Operating Income (Loss)	375,690	31,341	1,368,956	711	**1,776,698**	1,562,751
Nonoperating Revenues (Expenses):						
Interest, Dividends, and Rents	14,501	5,413	2	-	**19,916**	12,976
Loss on Sale of Fixed Assets	(32)	(281)	-	-	**(313)**	(1,601)
Grants and Shared Revenue	426	-	-	-	**426**	337
Other	288	(237)	-	-	**51**	170
Total Nonoperating Revenues (Expenses)	15,183	4,895	2	-	**20,080**	11,882
Income (Loss) before Transfers	390,873	36,236	1,368,958	711	**1,796,778**	1,574,633
Transfers:						
Operating Transfers In	20	204	1,057,215	7	**1,057,446**	886,665
Operating Transfers Out	(11,377)	-	(1,101,229)	-	**(1,112,606)**	(1,047,296)
ABC Profit	(26,109)	-	-	-	**(26,109)**	(23,911)
Appropriations Act	(312,181)	(6,809)	-	-	**(318,990)**	(5,568)
Total Transfers	(349,647)	(6,605)	(44,014)	7	**(400,259)**	(190,110)
Net Income (Loss):						
State	(997)	29,631	1,324,944	718	**1,354,296**	1,320,577
Public Benefit Corporations	42,223	-	-	-	**42,223**	63,946
Total Net Income (Loss)	41,226	29,631	1,324,944	718	**1,396,519**	1,384,523
Retained Earnings/Fund Balances, July 1:						
State	36,626	51,738	10,022,808	2,452	**10,113,624**	8,793,047
Public Benefit Corporations	530,373	-	-	-	**530,373**	466,427
Total Retained Earnings/Fund Balances, July 1, as adjusted (Note 20)	566,999	51,738	10,022,808	2,452	**10,643,997**	9,259,474
Retained Earnings/Fund Balances, June 30:						
State	35,629	81,369	11,347,752	3,170	**11,467,920**	10,113,624
Public Benefit Corporations	572,596	-	-	-	**572,596**	530,373
Total Retained Earnings/ Fund Balances, June 30	$ 608,225	$ 81,369	$ 11,347,752	$ 3,170	**$ 12,040,516**	$ 10,643,997

The accompanying notes are an integral part of this financial statement.



Agency and institution internal auditors received more than 6,300 hours of technical training this year.

Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only) Year Ended	
	Enterprise	Internal Service	Non-expendable Trust	June 30, 1991	June 30, 1990
Cash Flows from Operating Activities:					
Receipts for Sales and Services	$ 1,183,285	$ 543,396	$ -	$ 1,726,681	$ 1,359,217
Collections of Principal and Interest on Loans	611,048	-	-	611,048	556,624
Cash Payments for Loans	(383,799)	-	-	(383,799)	(399,380)
Payments to Suppliers for Goods and Services	(293,392)	(103,142)	-	(396,534)	(395,781)
Payments for Claims and Loss Control	(1,999)	(324,721)	-	(326,720)	(369,074)
Payments for Lottery Prizes	(315,588)	-	-	(315,588)	(228,632)
Payments to Employees	(87,155)	(31,491)	-	(118,646)	(109,108)
Program Grant Receipts	142,329	-	-	142,329	151,563
Program Grant Disbursements	(103,556)	-	-	(103,556)	(98,557)
Contractual Services	(42,329)	-	-	(42,329)	(25,022)
Payments to Insurance Companies	-	(4,389)	-	(4,389)	(10,260)
Escrow Payments Received	23,699	-	-	23,699	21,379
Escrow Payments Paid	(14,422)	-	-	(14,422)	(14,936)
Cash Receipts for Special Allowance	6,856	-	-	6,856	9,242
Payments to the Federal Government	(12,280)	-	-	(12,280)	-
Payments for Mortgage Servicing Expenses	(7,209)	-	-	(7,209)	(6,741)
Receipts for Loan Origination and Guarantee Fees	5,152	-	-	5,152	5,078
Proceeds From Sale of Loans Receivable	20,122	-	-	20,122	-
Purchase of Default Loans	(29,400)	-	-	(29,400)	(12,838)
Default Collections	10,444	-	-	10,444	10,259
Cash Advanced to Third Parties	-	-	-	-	(550)
Contributions Received	-	-	-	-	10
Other Operating Revenue	6,665	(9,359)	-	(2,694)	8,580
Net Cash Provided by Operating Activities	718,471	70,294	-	788,765	451,073
Cash Flows from Noncapital Financing Activities:					
Payment of Principal and Interest on Bonds and Notes	(623,846)	-	-	(623,846)	(597,609)
Proceeds from Issuance of Bonds and Notes	597,062	-	-	597,062	449,718
Transfers from Other Funds	5,000	-	7	5,007	4,763
Transfers to Other Funds	(542,308)	(11,605)	-	(553,913)	(208,536)
Disbursements and Improvements for VPA	(7,074)	-	-	(7,074)	(4,886)
Advances from the Commonwealth	-	2,411	-	2,411	6,524
Repayments of Advances from the Commonwealth	(6,298)	-	-	(6,298)	(2,357)
Payments for Bond Defeasance	(19,024)	-	-	(19,024)	-
Payments of Debt Issuance Costs	(2,537)	-	-	(2,537)	(4,382)
Other Nonoperating Revenue	647	46	-	693	305
Net Cash Provided by (Used for) Noncapital Financing Activities	(598,378)	(9,148)	7	(607,519)	(356,460)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Fixed Assets	(20,876)	(14,799)	-	(35,675)	(23,743)
Payment of Principal and Interest on Bonds and Notes	(7,187)	(1,272)	-	(8,459)	(7,570)
Proceeds from Sale of Bonds and Notes	6,877	-	-	6,877	4,893
Proceeds from Sale of Fixed Assets	5	1,339	-	1,344	2,938
Repayments of Purchase Costs of Warehouse	(205)	-	-	(205)	(273)
Net Cash Used for Capital and Related Financing Activities	(21,386)	(14,732)	-	(36,118)	(23,755)
Cash Flows from Investing Activities:					
Purchase of Investments	(1,232,993)	-	(2,094)	(1,235,087)	(735,355)
Proceeds from Sales or Maturities of Investments	811,165	-	2,228	813,393	601,638
Interest on Investments	116,337	5,413	-	121,750	115,201
Net Cash Provided by (Used for) Investing Activities	(305,491)	5,413	134	(299,944)	(18,516)
Net Increase (Decrease) in Cash and Cash Equivalents	(206,784)	51,827	141	(154,816)	52,342
Cash and Cash Equivalents, July 1	736,165	110,269	173	846,607	794,265
Cash and Cash Equivalents, June 30	$ 529,381	$ 162,096	$ 314	$ 691,791	$ 846,607

The accompanying notes are an integral part of this financial statement.

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
				Year Ended	
	Enterprise	Internal Service	Non-expendable Trust	June 30, 1991	June 30, 1990
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 375,690	$ 31,341	$ 711	**$ 407,742**	$ 251,180
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	10,730	9,523	-	**20,253**	17,804
Interest on Bonds and Notes	342,648	-	-	**342,648**	331,799
Interest on Investments	(100,405)	-	-	**(100,405)**	(100,944)
Receipts on VPSA Loans	67,361	-	-	**67,361**	22,016
Net Funds Applied Against Amounts Due to the Federal Government	(6,523)	-	-	**(6,523)**	(6,775)
Gain on Sale of Investments	-	-	(711)	**(711)**	-
Other Expenses	7,077	-	-	**7,077**	(935)
Gain on Sale of Inventory	-	-	-	**-**	(127)
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(149,217)	5,940	-	**(143,277)**	(180,739)
(Increase) Decrease in Due from Other Funds	-	2,654	-	**2,654**	(2,654)
(Increase) Decrease in Inventory	(4,212)	1,788	-	**(2,424)**	(2,741)
(Increase) Decrease in Restricted Assets	(79)	-	-	**(79)**	(70)
(Increase) Decrease in Prepaid Expenses	(2,167)	(473)	-	**(2,640)**	(873)
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	20,190	(4,103)	-	**16,087**	11,848
Increase (Decrease) in Prizes Payable	105,242	-	-	**105,242**	23,693
Increase (Decrease) in Claims Payable	763	20,134	-	**20,897**	33,916
Increase (Decrease) in Due to Other Funds	-	-	-	**-**	(2,756)
Increase (Decrease) in Deferred Revenue	3,035	3,291	-	**6,326**	2,979
Increase (Decrease) in Capital Lease Obligations	-	-	-	**-**	(122)
Increase (Decrease) in Due to Program Participants	8,664	-	-	**8,664**	19,897
Increase (Decrease) in Compensated Absences	56	199	-	**255**	232
Increase (Decrease) in Contributed Capital	39,618	-	-	**39,618**	34,445
Net Cash Provided by Operating Activities	$ 718,471	$ 70,294	$ -	**$ 788,765**	$ 451,073
Reconciliation of Cash, Cash Equivalents, and Investments:					
Per the Balance Sheet:					
Cash, Cash Equivalents, and Investments	$ 2,320,159	$ 173,908	$ 3,170	**$ 2,497,237**	$ 2,270,509
Petty Cash and Travel Advances	181	58	-	**239**	239
Less: Investments with Original Maturities Greater than Three Months	1,790,959	11,870	2,856	**1,805,685**	1,424,141
Cash and Cash Equivalents per the Statement of Cash Flows	$ 529,381	$ 162,096	$ 314	**$ 691,791**	$ 846,607

Noncash Investing, Capital, and Financing Activities:

The following transactions occurred prior to the balance sheet date:

Increase in Other Real Estate Owned as a Result of Loan Foreclosures	$ 11,580
Loans Charged Off	11,763
Trade-ins of Used Equipment on New Equipment	31
Transfers of Literary Fund Loan Notes	37,049
Total Noncash, Investing, Capital, and Financing Activities	$ 60,423

Combined Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Revenues and Other Additions:				
Unrestricted Current Funds Revenues	$ 1,510,342	$ -	$ -	$ -
Federal Grants and Contracts--Restricted	-	284,271	745	-
State Grants and Contracts--Restricted	-	46,637	-	-
Local Grants and Contracts--Restricted	-	15,777	-	-
Private Gifts, Grants, and Contracts--Restricted	-	126,408	9	11,060
Investment Income	-	2,419	151	294
Endowment Income	-	20,156	61	-
Interest on Loans Receivable	-	-	1,277	-
U.S. Government Advances	-	-	412	-
Expended for Plant Facilities (including $114,024 charged to current funds)	-	-	-	-
Retirement of Indebtedness (including $3,136 charged to current funds)	-	-	-	-
Realized Gain on Investments	-	-	8	17,476
Other Sources	-	10,081	-	532
Total Revenues and Other Additions	1,510,342	505,749	2,663	29,362
Expenditures and Other Deductions:				
Educational and General Expenditures	1,423,106	449,644	-	-
Auxiliary Enterprise Expenditures	308,774	644	-	-
Hospital Expenditures	558,530	673	-	-
Indirect Costs Recovered	-	53,648	-	-
Refunded to Grantors	-	594	67	-
Loan Cancellations	-	-	3,347	-
Administrative and Collection Costs	-	10	366	-
Expended for Plant Facilities (including non-capitalized expenditures of $12,702)	-	-	-	-
Retirement of Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Realized Loss on Investments	-	5	-	-
Unrealized Loss on Investments	-	-	-	3,217
Other	-	154	414	271
Total Expenditures and Other Deductions	2,290,410	505,372	4,194	3,488
Transfers among Funds:				
Operating Transfers In	1,279,279	-	-	-
Operating Transfers Out	(258,953)	-	-	-
Mandatory:				
Appropriations Act	(68,744)	(9)	-	-
Debt Service and Other	(65,850)	12,977	81	11
Nonmandatory:				
Debt Service and Other	(2,935)	(79)	-	-
(To)/From Other Funds	(45,523)	(3,247)	692	1,484
Total Transfers	837,274	9,642	773	1,495
Net Increase (Decrease) for the Year	57,206	10,019	(758)	27,369
Fund Balance, July 1	179,493	88,684	69,675	567,146
Fund Balance, June 30	$ 236,699	$ 98,703	$ 68,917	$ 594,515

The accompanying notes are an integral part of this financial statement.

Plant Funds				Total
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Year Ended June 30, 1991
$ -	$ -	$ -	$ -	$ 1,510,342
421	-	7	-	285,444
-	-	-	-	46,637
1,536	15	-	-	17,328
4,306	-	525	3,102	145,410
812	142	10,378	-	14,196
172	-	-	-	20,389
-	-	-	-	1,277
-	-	-	-	412
-	-	-	172,190	172,190
-	-	-	36,550	36,550
-	-	-	-	17,484
4,691	1,236	1,402	1,984	19,926
11,938	1,393	12,312	213,826	2,287,585
-	-	-	-	1,872,750
-	-	-	-	309,418
-	-	-	-	559,203
-	-	-	-	53,648
-	-	-	-	661
-	-	-	-	3,347
-	-	641	-	1,017
66,876	3,992	-	-	70,868
-	-	-	84,449	84,449
-	-	33,414	-	33,414
-	-	39,316	-	39,316
-	-	-	-	5
-	-	-	-	3,217
-	185	2	-	1,026
66,876	4,177	73,373	84,449	3,032,339
39,811	-	21,174	-	1,340,264
-	-	-	-	(258,953)
-	-	(10,021)	-	(78,774)
(8,044)	922	59,903	-	-
191	-	2,823	-	-
36,117	9,358	1,119	-	-
68,075	10,280	74,998	-	1,002,537
13,137	7,496	13,937	129,377	257,783
41,458	9,124	118,184	2,786,328	3,860,092
$ 54,595	$ 16,620	$ 132,121	$ 2,915,705	$ 4,117,875

Combined Statement of Current Funds Revenues, Expenditures, and Other Changes Higher Education Fund

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Current Funds		Totals Year Ended	
	Unrestricted	Restricted	June 30, 1991	June 30, 1990
Revenues:				
Student Tuition and Fees	$ 504,383	$ -	$ **504,383**	$ 450,966
Federal Grants and Contracts	46,221	238,342	**284,563**	272,406
State Grants and Contracts	-	46,395	**46,395**	26,551
Local Grants and Contracts	1,346	15,238	**16,584**	19,820
Private Gifts, Grants, and Contracts	13,748	116,930	**130,678**	105,070
Endowment Income	9,953	15,000	**24,953**	23,370
Sales and Services of Educational Departments	19,865	6	**19,871**	17,758
Sales and Services of Auxiliary Enterprises	377,036	-	**377,036**	336,925
Sales and Services of Hospitals	491,659	-	**491,659**	459,981
Sales and Services of Independent Operations	-	301	**301**	177
Sales and Services of Vending Commissions	75	-	**75**	81
Investment Income	2,999	803	**3,802**	4,638
Other Sources	43,057	4,978	**48,035**	48,823
Total Current Revenues	1,510,342	437,993	**1,948,335**	1,766,566
Expenditures and Mandatory Transfers:				
Educational and General:				
Instruction	734,433	69,334	**803,767**	809,390
Research	56,841	199,297	**256,138**	258,316
Public Service	40,713	47,896	**88,609**	82,449
Academic Support	181,907	9,312	**191,219**	188,871
Student Services	75,502	6,237	**81,739**	83,295
Institutional Support	181,532	5,811	**187,343**	208,850
Operation and Maintenance of Plant	129,115	548	**129,663**	132,070
Scholarships and Fellowships	23,063	110,610	**133,673**	120,732
Financial Assistance for Educational and General Services	-	599	**599**	957
Total Educational and General	1,423,106	449,644	**1,872,750**	1,884,930
Mandatory Transfers for Debt Service and Other	78,277	(12,968)	**65,309**	9,323
Total Educational and General Expenditures and Mandatory Transfers	1,501,383	436,676	**1,938,059**	1,894,253
Auxiliary Enterprises:				
Operating Expenditures	308,774	644	**309,418**	296,716
Mandatory Transfers for Debt Service	33,240	-	**33,240**	30,181
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	342,014	644	**342,658**	326,897
Hospitals and Independent Operations:				
Operating Expenditures	558,530	673	**559,203**	514,796
Mandatory Transfers for Debt Service	23,077	-	**23,077**	19,921
Total Hospitals and Independent Operations Expenditures and Mandatory Transfers	581,607	673	**582,280**	534,717
Total Expenditures and Mandatory Transfers	2,425,004	437,993	**2,862,997**	2,755,867
Other Transfers and Additions (Deductions):				
Operating Transfers In	1,279,279	-	**1,279,279**	1,147,274
Operating Transfers Out	(258,953)	-	**(258,953)**	(92,229)
Excess of Restricted Receipts Over Transfers to Revenues	-	13,939	**13,939**	16,210
Refunded to Grantors	-	(594)	**(594)**	(324)
Nonmandatory Transfers	(48,458)	(3,326)	**(51,784)**	(60,842)
Net Increase in Fund Balance	$ 57,206	$ 10,019	$ **67,225**	$ 20,788

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

		Page
1.	Summary of Significant Accounting Policies	
	A. Basis of Presentation	46
	B. Reporting Entity	46
	C. Fund Structure	47
	D. Basis of Accounting for Funds	50
	E. Budgetary Process	50
	F. Receivables	50
	G. Loans Receivable from Proprietary Funds	51
	H. Investments	51
	I. Inventories	51
	J. Property, Plant, and Equipment	51
	K. Tax Refunds Payable	52
	L. Claims Payable	52
	M. Deferred Revenue	52
	N. Deferred Credit	52
	O. Long-Term Liabilities	52
	P. Reserved Fund Balances	52
	Q. Unreserved, Designated Fund Balances	52
	R. Unreserved, Undesignated Fund Balances	52
	S. Accrued Vacation and Sick Leave Policy	52
	T. Total Columns on Combined Statements	53
2.	Deficit Fund Balance	53
3.	Appropriations	53
4.	General Fund Analysis — Budgetary Basis	53
5.	Budgetary Basis vs. GAAP Basis Fund Balance	54
6.	Cash, Cash Equivalents, and Investments	54
7.	Receivables	56
8.	Property, Plant, and Equipment	56
9.	Retirement and Pension Systems	
	A. Plan Description	56
	B. Funding Status and Progress	57
	C. Contributions Required and Made	58
	D. Trend Information	58
	E. Defined Contribution Plan	59
	F. Component Unit Pension Information	59
10.	Deferred Compensation Plan	60
11.	Post-Retirement Benefits	60
12.	Self-Insurance	61
13.	Commitments	
	A. Highway Construction Projects	62
	B. Operating Leases	62
14.	Long-Term Indebtedness	62
15.	Lottery Prizes Payable	68
16.	Interfund Assets/Liabilities	69
17.	Fund Balance Reservations	70
18.	Contributed Capital	70
19.	Segment Information — Enterprise Funds	70
20.	Restatement of Beginning Retained Earnings and Account Balance	71
21.	Contingencies	
	A. Grants and Contracts	72
	B. Litigation	72
22.	Subsequent Events	72

Notes to the Financial Statements
June 30, 1991

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia includes all funds and account groups, and all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criterion for including a governmental organization (which is otherwise independent of the reporting entity) in the general purpose financial statements of the reporting entity is the ability of the reporting entity's elected officials to exercise oversight responsibility over the organization. Oversight is derived from the ability of the reporting entity's elected officials to select the governing body of an organization, designate management, and influence operations; from the existence of financial interdependency between the reporting entity and other governmental organizations; and from the reporting entity's accountability for a governmental organization's financial matters. The inclusion of an organization in the general purpose financial statements in no way alters the defined prerogatives of the management of the organization, the organization's charter, statutory authority, or legal characteristics or conditions. The Commonwealth has included in the general purpose financial statements the following organizations (component units) that meet the oversight criteria established by the GASB Codification. The Commonwealth has no legal responsibility for any debt of these organizations. In addition, the Commonwealth does not hold title to any of these organizations' assets nor does it have any right to their surpluses. These component units include the following:

- Virginia Housing Development Authority (VHDA)
- Virginia Education Loan Authority (VELA)
- Virginia International Terminals, Inc. (VIT)
- Virginia Resources Authority (VRA)
- State Education Assistance Authority (SEAA)
- Virginia Public School Authority (VPSA)
- Virginia Public Building Authority (VPBA)
- Center for Innovative Technology (CIT)
- Innovative Technology Authority (ITA)
- Virginia College Building Authority (VCBA)

Only the activity of the VCBA that relates to the financing of equipment purchases by State-supported colleges and universities is included in the financial statements. The VCBA also issues tax-free bonds to provide financial assistance to private institutions of higher education to finance capital construction. This indebtedness does not constitute a debt of the VCBA or of the Commonwealth and is not included in the financial statements. The outstanding principal of the debt of the VCBA issued to assist private institutions was $111,110,000 at June 30, 1991.

The VHDA, VELA, VIT, and VRA have been audited by independent certified public accounting firms and the amounts reported are based solely on the audited financial statements provided by those organizations. The VPBA, VPSA, VCBA, CIT, ITA, and SEAA have been audited by the Auditor of Public Accounts of the Commonwealth of Virginia. The VPSA, VELA, VHDA, VIT, VRA, and SEAA are reported entirely within Enterprise Funds - Public Benefit Corporations. The activity of the VPBA is reported in the Debt Service and Capital Projects Funds, and the related long-term debt is reported in the General Long-Term Debt Account Group, and the related fixed assets in the General Fixed Assets Account Group. The operations of the CIT and ITA are reported in the Higher Education Fund, as is the activity of the VCBA relating to State-supported institutions of higher education.

Furthermore, in compliance with the GASB Codification, the Commonwealth discloses two types of organizations which have been excluded from the reporting entity.

(1.) Authorities created by the State, with Boards appointed by the Governor, where the Commonwealth provides no funding and has no claim to surpluses, no significant influence over operations, and no responsibility for the Authorities' debt are:

a. The Virginia Small Business Financing Authority (VSBFA), which was created by the Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) to assist small businesses in the

Commonwealth in obtaining financing for new business or the expansion of existing business. The VSBFA can provide financial assistance to small business by providing loans, guarantees, insurance and other assistance, thereby encouraging the investment of private capital in small business in the Commonwealth. The VSBFA has been issuing debt since December, 1984. The outstanding principal of these bonds at June 30, 1991, was $106,096,107. Also, the VSBFA guarantees loans made to small businesses by banks. The VSBFA's liability for the total of all loans guaranteed is limited to its net assets. As of June 30, 1991, the VSBFA had loan guarantees totaling $1,660,308 and net assets of approximately $1,194,182.

b. The Virginia Agricultural Development Authority which was created by the Virginia Development Authority Act of 1981 (Chapter 5.1, Title 3.1, *Code of Virginia*) to assist in providing credit for the purchase of farm equipment and real estate at interest rates lower than those available in the conventional farm credit markets. This objective is accomplished by (1) making loans to lenders for use by those lenders in making loans for agricultural enterprises and (2) purchasing existing loans from lending institutions. The Authority had one debt issuance in April, 1983. The outstanding principal of this debt at June 30, 1991, was $1,185,000.

(2.) Non-State agencies have also been excluded from the reporting entity. These agencies fall into two categories: (1) public and private nonprofit organizations, and (2) industrial development authorities.

State funding provided to the public and private nonprofit organizations is discretionary or subject to the eligibility rules governing funding support. Private nonprofit organizations are governed and controlled by their boards, members, or bylaws with no provision for Commonwealth control and, for several of these entities, the assets remaining at dissolution are to be transferred to other nonprofit organizations. The public nonprofit organizations are local governments which receive funding under State programs.

Industrial development authorities have been excluded because they are specifically created and operated by actions of local governments, receive no Commonwealth support, and assets rest with the creating local governments upon dissolution.

C. **Fund Structure**

The accompanying financial statements are presented in four classifications of funds and two account groups. The fund classifications include governmental funds, proprietary funds, fiduciary funds, and the Higher Education Fund. Account groups are presented for general fixed assets and general long-term debt. The fund classifications and a description of each existing fund type and account group follow:

(1.) **Governmental Funds**

Transactions related to the acquisition, use, and balances of the government's expendable financial resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is based upon determination of financial position (sources, uses, and balances of financial resources), rather than on net income determination. Governmental funds include:

a. **General Fund** — Accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education.

b. **Special Revenue Funds** — Account for transactions related to resources received and used for restricted or specific purposes. The Special Revenue Funds include transactions related to resources used in support of public health services, social service programs, agriculture, state park services, and highway maintenance and construction.

c. **Debt Service Fund** — Accounts for transactions related to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Debt Account Group.

d. **Capital Projects Fund** — Accounts for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary source of funding for this fund is the proceeds of bond issues. Principle uses are for highway con-

struction, and construction and improvement of State office buildings and Virginia port facilities.

(2.) **Proprietary Funds**

Transactions related to commercial activities operated by the Commonwealth are accounted for in the proprietary funds. Proprietary funds include Enterprise Funds and Internal Service Funds. The Enterprise Funds are separated into State and Public Benefit Corporations. Proprietary funds differ from governmental funds in that their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. The activities comprising the proprietary funds include the following:

a. **Enterprise Funds**

1. **Enterprise Funds — State** — Account for transactions related to resources received and used for financing self-supporting activities of the Commonwealth that offer products and services on a user-charge basis to the general public. These funds reflect the activities of:

- The State Lottery Department, which directs the Commonwealth's lotteries pursuant to the State Lottery Law;
- The Department of Alcoholic Beverage Control (ABC), which operates facilities for the distribution and sale of distilled spirits and wine to the general public, and enforces the Commonwealth's alcoholic beverage statutes;
- The Virginia Industries for the Blind (VIB), a unit within the Virginia Department for the Visually Handicapped, which manufactures products for sale to federal, state, and local governments, certain private organizations, and the general public;
- The gift shop and food services activities of the Virginia Museum of Fine Arts;
- The Division of Legislative Services, which accounts for sales of *The Virginia Register*, a publication which lists all proposed and final State agency regulations; and,
- The Risk Management Insurance Fund managed by the Department of General Services, Division of Risk Management, on behalf of other governmental units.

2. **Enterprise Funds — Public Benefit Corporations** — Account for transactions of proprietary type component units considered part of the reporting entity for financial reporting purposes pursuant to the provisions of Section 2100 of the GASB Codification. The Commonwealth has no legal responsibility for the debt of Public Benefit Corporations. In addition, the Commonwealth does not hold title to any of these organizations' assets nor does it have any right to their surpluses. The Public Benefit Corporations include the following:

- Virginia Housing Development Authority which is empowered by the *Code of Virginia* to finance housing intended for occupancy or ownership, or both, by families of low and moderate income;
- Virginia Education Loan Authority which is empowered by the *Code of Virginia* to provide loans to eligible students at institutions of higher education and vocational schools;
- Virginia International Terminals, Incorporated, which operates several marine terminals for the Virginia Port Authority;
- Virginia Resources Authority which encourages the investment of both public and private funds in the water and sewer projects of local governments. The VRA also issues debt for the purpose of making loan and grant funds available to finance these projects;
- State Education Assistance Authority which guarantees student loans provided to qualifying students by financial institutions of the Commonwealth through a program administered by the federal government; and
- Virginia Public School Authority which issues bonds to finance capital projects of schools in the

cities, counties, and towns of the Commonwealth.

b. **Internal Service Funds** — Account for transactions related to the financing and sale of goods or services provided by agencies of the Commonwealth to other agencies and institutions of the Commonwealth. The goods and services furnished are charged to the recipient agency or institution to recover costs through user charges.

(3.) **Fiduciary Funds**

Transactions related to assets held in a trust or agency capacity by the Commonwealth are accounted for in fiduciary funds. The Commonwealth's fiduciary funds include Pension Trusts, Nonexpendable Trust, Expendable Trusts, and Agency Funds as follows:

a. **Pension Trust Funds** — Account for the transactions of Commonwealth-administered retirement systems (see Note 9).

b. **Nonexpendable Trust Fund** — Accounts for the transactions of the trust of the Virginia Museum of Fine Arts whose principal must be maintained intact and whose income is used to fund the activity of the expendable trusts at the Museum.

c. **Expendable Trust Funds** — Account for the transactions of trusts whose principal and income may be used for the purposes of the trust. These trusts include those for educational programs at museums, funds for unemployment, and realty loans for low and moderate income farmers.

d. **Agency Funds** — Account for amounts held in trust by the Commonwealth for others. Agency funds include those funds established to account for the collection of taxes and fees for distribution to localities and other states, employee benefits, the deferred compensation plan, deposits of insurance carriers, and investments of local governments held by the State Treasurer.

(4.) **Account Groups**

Account groups are used to establish accounting control over the Commonwealth's general fixed assets, the unmatured principal of its general long-term debt, and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

a. **General Fixed Assets Account Group** — Accounts for fixed assets of the governmental fund types. Fixed assets of the proprietary funds and similar trust funds and the Higher Education Fund are accounted for in their respective funds.

b. **General Long-Term Debt Account Group** — Accounts for obligations that are not recorded as current liabilities in governmental funds. These obligations include unmatured and unredeemed long-term general obligation bonds payable, obligations for accrued employee sick and vacation leave, insurance claims payable, and capital lease obligations, which are backed by the full faith and credit of the Commonwealth. Also included are obligations of the Virginia Public Building Authority, the Virginia Port Authority, the Innovative Technology Authority, and the Norfolk-Virginia Beach Toll Road which are not backed by the Commonwealth, but are included in the Commonwealth's reporting entity. Unmatured long-term debt relating to obligations of the proprietary funds and similar trust funds and the Higher Education Fund is accounted for within the respective funds.

(5.) **Higher Education Fund**

The Higher Education Fund accounts for transactions related to resources received and used for the operation of the Commonwealth's institutions of higher education and related medical teaching hospitals. The Higher Education Fund is an aggregation of the following funds:

a. **Current Funds** — Account for resources that will be expended for operating purposes. Funds over which the governing boards retain full control are accounted for as current unrestricted. Current restricted funds may only be utilized in accordance with externally-restricted purposes.

b. **Loan, Endowment, and Agency Funds** — Account for assets held in a fiduciary capacity.

c. **Plant Funds** — Account for assets that have been or will be invested in property, plant, and equipment, and assets that are reserved to retire debt issued to finance plant facilities.

D. **Basis of Accounting for Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus (modified accrual basis). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary, nonexpendable trust, and pension trust funds are accounted for on a flow of economic resources measurement focus (accrual basis). With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

Governmental Fund Types, Expendable Trust Fund, and Agency Funds — The accounts of the General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds are presented on a modified accrual basis. Under the modified accrual basis of accounting, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Material revenues subject to accrual include federal grants and income and sales taxes. Expenditures and other uses of financial resources are recognized when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources, such as the long-term portion of the liability for compensated absences and capital lease obligations. Agency funds are also accounted for on a modified accrual basis, but do not recognize revenues and expenditures. Agency funds account for assets received and disbursed by a government in its capacity as an agent for individuals, businesses, or other governments.

Proprietary Fund Types, Pension and Nonexpendable Trust Funds — The accounts of these funds are presented on the accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Higher Education Fund — The accounts of this fund are presented on an accrual basis with the exception of the following:

(1.) Depreciation expense is not recorded on plant fund assets; and

(2.) Revenues and expenditures of an academic term which is conducted over a fiscal year end are reported totally in the fiscal year in which the program is predominately conducted.

E. **Budgetary Process**

Budgetary amounts shown in the financial statements represent the total of the original budgeted amounts and all supplemental appropriations. Unexpended appropriations at the end of the fiscal year generally lapse. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the State, and of estimated revenues and borrowing for a biennium to the General Assembly. Budgets are adopted for the General and Special Revenue Funds. Formal budgetary integration is not employed for the Capital Projects and Debt Service Funds because effective budgetary control is alternatively achieved through General and Special Revenue Funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the budget is controlled at the program level. The Governor may transfer an appropriation within a State agency or from one State agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. **Receivables**

Receivables in the governmental funds consist primarily of the accrual of taxes and federal revenue and receivables of the State's mental health, mental retardation, and substance abuse facilities. Receivables of the Enterprise Funds are loans made by the Public Benefit Corporations. Receivables of Trust and Agency Funds are primarily the accrual of member and employer contributions in the Pension Trust Funds and the accrual of local sales taxes in the Agency Funds. Higher Education receivables are primarily receivables of the State's teaching hospi-

tals. Receivables are recorded net of allowances for doubtful accounts.

G. **Loans Receivable from Proprietary Funds**

Long-term loans receivable of the General Fund (Loans Receivable From Proprietary Funds) represent working capital advances to Enterprise Funds and loans to Internal Service Funds to finance inventories, provide working capital, and provide collateral for the Commonwealth's indebtedness on its workers' compensation insurance policy.

The long-term loans receivable of the Special Revenue Funds represent loans to localities for school construction.

H. **Investments**

Investments are principally comprised of monies held by Public Benefit Corporations, the endowment funds of higher education institutions, the Pension Trust Funds, and monies held by the State Treasurer.

Investments of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund are valued at cost.

Investments administered by the Virginia Retirement System (VRS), except for common stocks, preferred stocks, and real estate pool participations, are stated at cost or amortized cost. Common stocks and preferred stocks are carried at the lower of cost or market. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Real estate pool participations are carried at values adjusted to recognize the VRS's share of net income or loss in the period in which they are reported by the pools.

Investments held by the Public Benefit Corporations are carried at amortized cost rather than at the lower of cost or market, in that it is generally management's intention to hold them to maturity. Investments of the Virginia Resources Authority are carried at cost.

Investments of higher education institutions reflected in the Higher Education Fund are valued at cost. Mortgages held for investment are recorded at book value, representing principal amounts due. Investments in real estate are recorded at book value. Gifts are recorded at fair market value at the date of acquisition.

Investments of the Deferred Compensation Plan, in agency funds, are valued at market value.

I. **Inventories**

Inventories of materials and supplies of the governmental funds are reported as expenditures when consumed. Inventories of the General Fund and Special Revenue Funds, except the Virginia Department of Transportation (VDOT), are maintained at cost using the first-in first-out (FIFO) methodology. VDOT inventories are recorded in the Highway Maintenance and Construction, Special Revenue Fund, and are maintained based on the average cost methodology. Inventories maintained by the Public Benefit Corporations and Internal Service Funds are stated at the lower of cost or market value using FIFO. The Department of Alcoholic Beverage Control and the Expendable Trusts administered by the Department of Corrections maintain inventories at the lower of average cost or market. The Virginia Industries for the Blind and the Virginia Museum of Fine Arts maintain inventories at cost using FIFO. Institutions of higher education use several methods for inventory valuation, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods.

J. **Property, Plant, and Equipment**

Fixed assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the General Fixed Assets Account Group. For financial reporting purposes, depreciation is not recorded on general fixed assets. Fixed assets of the proprietary funds are capitalized in the fund in which they are utilized and depreciated on the straight-line basis over their useful lives. Fixed assets of colleges and universities are capitalized in the Higher Education Fund. Depreciation is not provided on these assets.

Fixed assets are stated at historical cost or, in some instances, estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. The Commonwealth capitalizes all fixed assets which have a value or cost in excess of $500 at the date of acquisition and have an expected useful life of two or more years. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. The estimated lives of fixed assets are as follows:

	Years
Buildings	20-50
Equipment	2-20
Improvements Other than Buildings	5-20

K. **Tax Refunds Payable**

Tax refunds payable represent refunds due on individual's tax returns filed for the calendar year ended December 31, 1990, and on business tax returns filed for corporate fiscal years ending on or before June 30, 1991. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

L. **Claims Payable**

Claims payable represents insurance claims payable at June 30, 1991. These claims are discounted and represent the net present value of the Commonwealth's claim liability. The discount rate applied is 8.0 percent which approximates the Commonwealth's average investment yield. This includes both actual claims submitted as well as claims incurred but not reported. Health insurance claims are reported in the Health Care, Internal Service Fund. Claims relating to the Commonwealth's other self-insurance programs are reported in the Risk Management, Internal Service, and the Risk Management, Enterprise Funds, to the extent there is equity in these funds. The remainder is reported in the General Long-Term Debt Account Group. Claims incurred but not reported are actuarially determined except those for health insurance, which have been estimated by the Department of Personnel and Training.

M. **Deferred Revenue**

Deferred revenue represents monies received or revenues accrued but not earned as of June 30, 1991. The majority of this amount is reported in the Higher Education Fund, where it is primarily composed of revenue for student tuition accrued in advance of the semester. In the Enterprise Funds, it represents the deferral of fees related to mortgage loans, and in the Special Revenue Funds, it is composed primarily of federal grant money received but not spent.

N. **Deferred Credit**

The deferred credit represents the deferral of income taxes withheld for the period January through June, 1991, that have not met the revenue recognition criteria and may ultimately be refunded upon the filing of income tax returns in subsequent years. This amount is estimated annually using statistical data derived from income taxes filed in previous years.

O. **Long-Term Liabilities**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund when paid. Long-term liabilities expected to be financed from the proprietary funds and the Higher Education Fund, as well as the related interest payments, are accounted for in those funds (see Note 14).

P. **Reserved Fund Balances**

Reserved fund balances indicate that portion of fund balance which is not available to fund operations or is legally segregated for specific future use.

Q. **Unreserved, Designated Fund Balances**

Designations of fund balance are established to reflect tentative plans for future utilization of current financial resources. It is the policy of the Commonwealth to designate the portion of fund balance set aside by the General Assembly through the Appropriations Act to fund tentative but approved future plans. For years ending in the middle of a biennium, unexpended appropriations approved by the Governor to be used to fund expenditures of the ensuing fiscal year are also reflected through a designation of fund balance. It is the policy of the Commonwealth to limit such designations in the event that their accumulation and presentation would cause a negative unreserved, undesignated fund balance to occur.

R. **Unreserved, Undesignated Fund Balances**

The unreserved, undesignated budgetary basis fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated fund balance described in Note 1.P and 1.Q above.

S. **Accrued Vacation and Sick Leave Policy**

Employees accrue annual leave at a rate of four to seven hours semimonthly, depending on their length of service. The maximum accumulation is dependent upon years of service, but in no case may it exceed 42 days. Sick leave is accrued at a rate of five hours semimonthly. Employees who leave State service after a minimum of five years employment receive the lesser of 25 percent of the value of their accumulated sick leave at their current earnings rate or $2,500. All employees leaving State service are paid

for accrued vacation leave up to the maximum calendar year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated annual and sick leave payable upon termination is included in the accompanying financial statements. In the governmental fund types, amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable governmental fund types. Amounts not payable from expendable available resources are reflected in the General Long-Term Debt Account Group. All amounts related to the proprietary funds and similar trust funds and the Higher Education Fund are recognized in those funds. The liability at June 30, 1991, was computed using salary rates effective at that date, and represents vacation, sick, and compensatory leave earned up to the allowable ceilings.

T. Total Columns on Combined Statements

The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or changes in financial position. Interfund balances and transactions have not been eliminated.

Additionally, the 1990 totals presented in the "Memorandum Only" columns are included to provide a summarized comparison with comparable 1991 amounts and are not intended to present all information necessary for a fair presentation of financial position and results of operations in accordance with generally accepted accounting principles.

2. DEFICIT FUND BALANCE

The General Fund ended fiscal year 1991 with a deficit fund balance of $265.1 million on a modified accrual basis of accounting. This is the result of accrued expenditures exceeding accrued revenues and beginning fund balance.

3. APPROPRIATIONS

The amounts presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis — General and Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles the original appropriated budget to the final adjusted budget for the General Fund and all Special Revenue Funds:

(Dollars in Thousands)	General Fund	Special Revenue Funds
Original Appropriation (1)	$6,543,965	$3,848,728
Supplemental Appropriations:		
Reappropriations (2)	23,138	6,189
Subsequent Executive (3)	3,811	775,799
Subsequent Legislative (4)	(189,750)	(44,056)
Transfers (5)	(966,281)	39,208
Appropriations, as adjusted	$5,414,883	$4,625,868

(1) Represents the original budget appropriated through Chapter 972, 1990 Acts of Assembly.
(2) Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriations Act.
(3) Actions taken by the Governor to carry forward any prior year unexpended balances (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
(4) Actions taken by the General Assembly to adjust the original budget, through Chapter 723, 1991 Acts of Assembly.
(5) Represents transfers required by the Appropriations Act.

4. GENERAL FUND ANALYSIS — BUDGETARY BASIS

The following schedule represents reservations and designations of General Fund balance on a budgetary basis as presented in the Preliminary Annual Report.

Reservations and Designations of Fund Balance
General Fund, Budgetary Basis
June 30, 1991

(Dollars in Thousands)

Fund Balance, June 30, 1991			$ 45,539
Reserved for Long-Term Working Capital Advances to Internal Service Funds, Chapter 723, 1991 Acts of Assembly, Section 3-3.01	$ 422		
Reserved for Long-Term Loans Made by the Department of Conservation and Recreation (Chapter 668, Item 487)	1,036		
Reserved for Long-Term Loan to the Department of General Services, Division of Risk Management for Workers' Compensation Collateral	6,667		
Total Reserved Fund Balance		$ 8,125	
Reappropriation of 1990-91 Unexpended Items Carried Forward for Expenditure in 1991-92:			
Designations:			
Capital Outlay		37,414	45,539
Undesignated Fund Balance at June 30, 1991			$ 0

5. BUDGETARY BASIS VS. GAAP BASIS FUND BALANCE

Since the presentation of financial data on a budgetary basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a budgetary basis at June 30, 1991, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison
Budgetary Basis to GAAP Basis
June 30, 1991

(Dollars in Thousands)

	General Fund	All Special Revenue Funds
Fund Balance, Budgetary Basis	$ 45,539	$ 600,467
Literary Fund--Fund Balance	-	416,726
Total Fund Balance, Budgetary Basis	45,539	1,017,193
Adjustments from Budget to GAAP, Undesignated:		
Accrued Revenues:		
Taxes	272,304	104,602
Tax Refunds	(43,069)	-
Other Revenue	11,146	360,699
Deferred Credit	(250,437)	-
Accrued Expenditures	(300,534)	(359,519)
Fund Reclassifications—Budget to GAAP	-	(11,570)
Fund Balance, GAAP Basis	$ (265,051)	$1,111,405

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Section 2.1-329 of the *Code of Virginia* defines deposits as demand deposits, time deposits, and certificates of deposit; accordingly, amounts held in these depository accounts or instruments are classified as cash on the financial statements. At June 30, 1991, the carrying amount of cash was ($103,959,000), of which $5,666,000 is with trustees. The bank balance was $284,694,000. Cash equivalents are investments with an original maturity of three months or less.

All deposits are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. of the *Code of Virginia*. The Act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50 percent to 100 percent of public deposits in the case of a bank and 100 percent to 110 percent for a savings institution.

Securities pledged by banks and savings institutions, under the Act, are held in escrow for the State Treasury Board at the Federal Reserve Bank of Richmond or a bank or trust company subject to the order of the Treasury Board. In the event a depository bank defaults or becomes insolvent, the Treasury Board first assesses the collateral of the defaulting or insolvent institution and then assesses the collateral pledged by other public depositories on a statutory based ratio to the extent necessary to satisfy the assessment against the defaulting

bank. The collateral pledged by all banks is sufficient to cover the uncollateralized public deposits of any single bank. Upon default or insolvency of a savings institution, the Treasury Board first assesses the institution the amount of public funds on deposit in excess of federal insurance. The State Treasurer liquidates the necessary pledged collateral of the institution to reimburse public depositors to the extent of the institution's deposit liability to them.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.1-327 et seq. of the *Code of Virginia*, to invest in the following:

U. S. Treasury and agency securities
Corporate debt securities
Bankers acceptances
AAA rated obligations of foreign governments
Obligations guaranteed by International Bank for Reconstruction and Development, Asian Development Bank and African Development Bank
Repurchase agreements
Money market funds

Certain investments held in trust by the Treasurer of Virginia in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of institutions of higher education are established by the institutions' governing boards.

The Board of Trustees of the Virginia Retirement System has full power to invest and reinvest the pension trust funds in accordance with the guidelines set forth in Section 51.111-24 et seq. of the *Code of Virginia*. Under these guidelines, the Board is authorized to invest in certain designated interest bearing obligations; prime quality commercial paper; interest bearing time deposits and certificates of deposit; certain port facilities; sites and buildings for occupancy and use by the General Assembly and State agencies in an amount not to exceed one hundred million dollars; and 5 percent of total trust fund investments in obligations not otherwise permitted under this section. The Board is also authorized to acquire and retain every kind of property and every kind of investment which men of prudence, discretion and intelligence acquire or retain for their own account. Investments in common and preferred stocks are limited to 60 percent of total pension trust fund investments.

Credit risk, as used below, refers to the risk that the Commonwealth may not be able to obtain possession of its investments in the event of default by a counterparty. The three types of credit risk are:

Category 1 — Insured or registered securities or securities held by the Commonwealth or its agent in the Commonwealth's name.

Category 2 — Uninsured and unregistered securities, with the securities held by the counterparty's trust department or agent in the Commonwealth's name.

Category 3 — Uninsured and unregistered securities, with the securities held by the counterparty, or by its trust department or agent but not in the Commonwealth's name.

Investments
June 30, 1991

(Dollars in Thousands)

Type of Securities	Category 1	Category 2	Category 3	Carrying Amount	Market Value
U. S. Treasury and Agency Securities	$2,982,956	$ 85,794	$ 164,752	$ 3,233,502	$ 3,257,457
Money Market Instruments	1,115,968	2,924	22,896	1,141,788	1,141,814
Common and Preferred Stocks	2,968,941	272	34,447	3,003,660	3,458,525
Corporate Notes	427,901	2,836	338	431,075	431,164
Corporate Bonds	2,258,775	-	46,620	2,305,395	2,317,045
Municipal Securities	708,399	-	323	708,722	708,680
Repurchase Agreements	251,941	257,887	248,143	757,971	796,565
Index Funds	438,983	-	485,739	924,722	977,694
	$11,153,864	$ 349,713	$ 1,003,258		
Unemployment Trust Fund				633,090	633,090
Mutual, Money Market , and Index Funds				2,439,548	2,638,982
Reverse Repurchase Agreements				42,746	42,746
Real Estate				713,482	740,236
TBC Pooled Employee Trust Fund				1,187,732	1,187,645
Other				349,002	345,845
Total Investments				$17,872,435	$18,677,488

Investments of the VRS pension trust, social security, and group life insurance funds are included in the Pension Trust, Agency, and Expendable Trust Funds, respectively.

The investments of the Pension Trust Funds are approximately 61.5 percent of the investments that are in Category 1, 59.8 percent of the investments in Category 3, 90.7 percent of the Mutual, Money Market, and Index Funds, 96.4 percent of the Real Estate investments, and 21.3 percent of the Other investments. Additionally, the TBC Pooled Employee Trust Fund amount is entirely attributable to the Pension Trust Funds. This amount cannot be categorized because the investments are not evidenced by physical securities.

Investments of the Commonwealth held by various institutions in a custodial capacity have been included in the investments scheduled above. Investments with trustees totaled $1.17 billion, of which $633.1 million is held in trust by the U. S. Treasury for the Unemployment Compensation Fund. These investments are included in Cash, Cash Equivalents, and Investments on the Combined Balance Sheet.

The Commonwealth has engaged in reverse repurchase agreements during the course of the fiscal year. Section 2.1-328.8 of the *Code of Virginia* provides the authority and basis for engaging in these transactions. Under the terms of these reverse repurchase agreements, the securities are collateralized in an amount equal to at least 102 percent of the securities' market value, plus all accrued interest. The custodial agent bears the credit risk associated with these transactions. The agreements are classified as obligations under Reverse Repurchase Agreements on the Combined Balance Sheet.

7. RECEIVABLES

The following schedule details the accounts, loans, taxes, and other receivables presented in the various funds:

Schedule of Receivables
June 30, 1991
(Dollars in Thousands)

	Accounts and Loans Receivable	Taxes Receivable	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable
General Fund	$ 15,152	$ 268,582	$ -	$ (2,412)	$ 281,322
Special Revenue Funds	391,159	106,343	-	(37,945)	459,557
Capital Projects	-	-	589	-	589
Enterprise Funds - State	12,213	-	-	-	12,213
Enterprise Funds - Public Benefit Corporations	3,567,139	-	60,443	(20,398)	3,607,184
Internal Service Funds	14,675	-	-	(26)	14,649
Trust and Agency Funds	460,586	60,624	-	(21,532)	499,678
Higher Education Fund	287,972	-	77,556	(89,804)	275,724
Total Receivables	$ 4,748,896	$ 435,549	$ 138,588	$ (172,117)	$ 5,150,916

8. PROPERTY, PLANT, AND EQUIPMENT

The following schedule presents the changes in the General Fixed Assets Account Group by category:

Schedule of Changes in General Fixed Assets
(Dollars in Thousands)

	Restated Balance July 1, 1990	Acquisitions	Deductions	Balance June 30, 1991
Land	$ 240,694	$ 8,202	$ 359	$ 248,537
Buildings	784,729	215,398	6,201	993,926
Equipment	663,187	94,838	33,349	724,676
Improvements Other than Buildings	181,000	12,972	112	193,860
Construction in Progress	225,336	114,703	219,353	120,686
Total General Fixed Assets	$2,094,946	$ 446,113	$ 259,374	$2,281,685

The following schedule details fixed assets that are recorded in funds other than the General Fixed Assets Account Group:

Summary of Fixed Assets in Proprietary Funds, Fiduciary Funds, and the Higher Education Fund
June 30, 1991
(Dollars in Thousands)

	Enterprise Funds			Internal Service Funds	Trust and Agency Funds	Higher Education Funds
	State	Public Benefit Corporations	Total			
Land	$ 1,795	$ 2,706	$ 4,501	$ 310	$ -	$ 128,045
Buildings	10,018	21,140	31,158	3,471		1,939,051
Equipment	47,927	39,176	87,103	74,797	1,806	1,165,927
Improvements Other than Buildings	1	847	848	60	-	109,666
Construction in Progress	-	-	-	130	-	182,228
Livestock	-	-	-	-	-	1,041
Less: Accumulated Depreciation	(26,931)	(19,588)	(46,519)	(51,721)	(1,107)	-
Total Fixed Assets	$ 32,810	$ 44,281	$ 77,091	$ 27,047	$ 699	$3,525,958

9. RETIREMENT AND PENSION SYSTEMS

A. Plan Description

The Commonwealth of Virginia contributes to three contributory retirement systems. The Virginia Retirement System (VRS), an agent multiple-employer public employee retirement system (PERS), acts as a common investment and administrative agent for the Commonwealth and political subdivisions in Virginia. The VRS, a defined benefit retirement plan, provides retirement benefits to State employees, teachers, and political subdivision employees. The State Police Officers' Retirement System (SPORS) and the Judicial Retirement System

(JRS) are single-employer defined benefit retirement plans. The SPORS provides retirement benefits to Virginia state police officers, and the JRS provides retirement benefits to the Commonwealth's judiciary. All retirement systems are administered by the Virginia Retirement System. The information in the following paragraphs pertains only to employees of the Commonwealth. At June 30, 1991, the VRS, SPORS, and JRS membership consisted of:

	VRS	SPORS	JRS	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	27,145	373	288	27,806
Active Plan Participants:				
Vested	43,515	1,191	232	44,938
Nonvested	45,576	377	112	46,065
Total	116,236	1,941	632	118,809

The payroll for employees of the Commonwealth covered by the VRS for the year ended June 30, 1991, was $2,355,269,506, as compared to a total payroll of $3,956,294,575. The payroll for employees covered by the SPORS and the JRS for the year ended June 30, 1991, was $54,021,790 and $29,933,659 respectively, which was also the total payroll.

All full-time, salaried employees of the Commonwealth, with the exception of certain full-time faculty and administrative staff of State colleges and universities who have the option not to participate in the VRS, participate in the VRS, SPORS, or JRS. Benefits vest after five years of service. Employees who retire at or after age 55, with at least five years of credited service, are entitled to an annual retirement benefit, payable monthly, for life in an amount equal to 1.5 percent of the average final salary (AFS) for each year of credited service up to $13,200, plus 1.65 percent of AFS over $13,200 for each year of credited service. Employees with 35 or more years of credited service are entitled to an annual benefit equal to 1.65 percent of AFS for each year of credited service. AFS is defined as the yearly average of the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Members of the SPORS may receive a monthly benefit supplement if they retire prior to age 65. Members of the JRS receive 3.5 years of creditable service for each year of actual service for the JRS. The VRS, SPORS, and JRS also provide death and disability benefits. These benefit provisions and all other requirements are established by State statute.

The Commonwealth pays the 5 percent of employees' annual salaries that employees are required to contribute to the retirement system. The Commonwealth contributes the remaining amounts necessary to fund the systems using the actuarial basis specified by statute.

B. **Funding Status and Progress**

The amount shown below as the pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits, and is intended to help users assess the funding status of each retirement system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is independent of the funding method used to determine contributions to the retirement systems discussed in Section C of this note.

The pension benefit obligation was determined as part of an actuarial valuation performed as of June 30, 1990. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0 percent a year compounded annually, (b) projected salary increases of 4.0 percent a year compounded annually, attributed to inflation, (c) additional projected salary increases, graded by age, of approximately 2.0 percent a year attributable to seniority/merit, and (d) post-retirement benefit increases of 3.5 percent per year. This actuarial valuation is performed on an annual basis. Information from the valuation performed at June 30, 1991, however, is not available to be included in this report.

At June 30, 1990, the total unfunded pension benefit obligations in millions of dollars applicable to the Commonwealth of Virginia were as follows:

	VRS	SPORS	JRS	Total
Pension benefit obligation:				
Retirees and beneficiaries receiving benefits and terminated employees not yet receiving benefits	$ 1,322.7	$ 44.2	$ 76.0	$ 1,442.9
Current Employees:				
Accumulated employee contributions including allocated investment earnings	639.1	27.2	10.6	676.9
Employer-financed vested	1,016.3	65.1	47.4	1,128.8
Employer-financed nonvested	1,696.6	59.5	22.9	1,779.0
Total pension benefit obligation	4,674.7	196.0	156.9	5,027.6
Net assets available for benefits, at cost (market value is $3,823.2, $138.6, and $83.2, respectively)	3,450.9	125.6	74.7	3,651.2
Unfunded pension benefit obligation	$ 1,223.8	$ 70.4	$ 82.2	$ 1,376.4

C. Contributions Required and Made

The funding policy of the VRS, SPORS, and JRS provides for periodic employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll, and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed on a biennial basis using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Rates necessary to support post-retirement supplements which may be payable in addition to the basic benefits are determined separately on a pay-as-you-go basis. Gains and losses are reflected in the unfunded accrued liability that is being amortized as a level percentage of payroll within a period of 30 years or less.

Significant actuarial assumptions used to compute pension contribution requirements for the fiscal year ended June 30, 1991, were the same as those used to determine the pension benefit obligation as described in Section B above, with the exception that future post-retirement benefit increases were not anticipated in the normal and accrued liability contribution requirements.

Total employer contributions of the Commonwealth to the VRS, SPORS, and JRS for the fiscal year 1991, of $111,589,799, $6,142,299, and $8,656,422, respectively, were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1990. These contributions consisted of the following:

	VRS	SPORS	JRS
Normal Cost	$ 65,800,204	$ 4,361,032	$ 4,847,596
Amortization of unfunded actuarial accrued liability	12,285,013	982,768	2,077,541
Cost of living supplement	33,504,582	798,499	1,731,285
Total Employer Contributions	$ 111,589,799	$ 6,142,299	$ 8,656,422
Employer Contributions	111,589,799	6,142,299	8,656,422
Employee Contributions	117,763,475	2,701,068	1,422,241
Total Contributions	$229,353,274	$ 8,843,367	$ 10,078,663

Employer contributions made by the Commonwealth represent 5.12 percent, 11.37 percent, and 28.67 percent of covered payrolls of the VRS, SPORS, and JRS, respectively, for the fiscal year. The employee contribution, currently 5.0 percent of covered payroll, is paid by the Commonwealth. Also included in the employee contributions for the VRS and SPORS are additional amounts paid by individuals to reinstate contributions previously paid out. The employee requirement for some individuals covered under the JRS is less than 5.0 percent because they were hired before the legislation establishing the 5.0 percent employee contribution requirement was enacted. The legislation was not retroactive; therefore, the total employee contribution presented above is less than 5.0 percent of covered payroll.

The computations of the pension contribution requirements for fiscal year 1991 were not based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors as used to determine pension contribution requirements in the previous year.

Changes in actuarial assumptions used in the 1988-89 valuations that would significantly affect the computation of the System's contribution requirements were an increase in the rate of return on investments to 8 percent from 6.5 percent, a decrease in the salary inflation factor to 4 percent from 4.5 percent and an increase in the rate of additional projected salary increases attributable to seniority/merit. The effect of these changes in actuarial assumptions was to reduce the total required contributions for VRS, SPORS and JRS by $168.3 million, $670,000, and $575,000, respectively, for fiscal year 1991.

D. Trend Information

Historical trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The standardized measure of the pension obligation is available beginning with fiscal year 1987. The following schedule is a three-year analysis of the funding progress of the Commonwealth's defined benefit plans.

(Dollars in Millions)	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
Virginia Retirement System						
1990	$3,450.9	$4,674.7	73.8%	$1,223.8	$2,355.3	52.0%
1989	2,999.6	3,982.0	75.3	982.4	2,073.0	47.4
1988	2,594.4	3,442.4	75.3	848.0	1,914.5	44.3
State Police Officers' Retirement System						
1990	$ 125.6	$ 196.0	64.1%	$ 70.4	$ 54.0	130.4%
1989	109.8	165.1	66.5	55.3	47.2	117.2
1988	96.0	133.3	72.0	37.3	41.9	89.0
Judicial Retirement System						
1990	$ 74.7	$ 156.9	47.6%	$ 82.2	$ 29.9	274.9%
1989	65.4	127.6	51.3	62.2	25.3	245.9
1988	56.7	114.7	49.4	58.0	23.5	246.8

Additional information is presented in the supplemental schedule on page 74.

Employer contributions as a percentage of annual covered payroll are as follows. These contributions were all made in accordance with actuarially determined requirements.

Year Ended June 30	VRS	SPORS	JRS
1991	5.12%	11.37%	28.67%
1990	7.51%	11.73%	30.98%
1989	7.51%	11.73%	30.98%
1988	7.84%	11.49%	32.08%

Ten-year historical trend information presenting revenues by source and expenses by type for the single-employer pension plans and the agent multiple-employer PERS is presented in the Virginia Retirement System's June 30, 1991, component unit financial report.

E. **Defined Contribution Plan**

Full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in a retirement annuity program through TIAA-CREF Insurance Companies rather than the VRS. This is a fixed contribution program where the retirement benefits received are based upon the Commonwealth's (7.57 percent) and employees' (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contribution.

Individual contracts issued under the plan provide for full and immediate vesting of both the Commonwealth's and the employees' contributions. Total pension costs under this plan were approximately $37,695,012 in fiscal year 1991. Contributions to the TIAA-CREF Insurance Companies were calculated using the base salary amount of approximately $292,518,945. Total payroll for the Commonwealth's colleges and universities for the year ended June 30, 1991, was $1,451,210,959.

F. **Component Unit Pension Information**

Note 1.B outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority, the Virginia Public School Authority, and the Virginia College Building Authority have no employees. The Virginia Resources Authority has no pension plan. Separate

financial reports of the other component units are publicly available and should be referred to for the pension disclosures required by GASB Statement No. 5. The Virginia Education Loan Authority (VELA) and the State Education Assistance Authority (SEAA) contribute to the Virginia Retirement System, an agent multiple-employer public employee retirement system. The pension benefit obligation, net assets available for benefits, and the assets in excess of pension benefit obligation for each entity are as follows:

	VELA	SEAA
Net assets available for benefits at cost	$1,308,612	$ 571,707
Pension benefit obligation	922,807	440,614
Assets in excess of pension benefit obligation	$ 385,805	$ 131,093

Full-time employees of the Virginia Housing Development Authority participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the benefits received are based on the Authority's (8.0 percent) contributions, plus interest. Total costs under this plan were $543,128 in fiscal year 1991. Contributions to the plan were calculated using a 1991 base salary amount of approximately $6,789,100. The retirement expense is fully funded as incurred, therefore, there is no unfunded future retirement liabilities.

Virginia International Terminals, Inc. also has a contributing pension plan. The plan had assets of $10,008,000 and a projected benefit obligation of $9,828,000 at June 30, 1991. Net pension costs under this plan were $487,000 during fiscal year 1991.

For each component unit, contributions were made in accordance with the actuarially determined requirements.

10. DEFERRED COMPENSATION PLAN

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is administered by the Investment Department of the Virginia Retirement System, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51-111.67:15 et seq. of the *Code of Virginia*. The Investment Department contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliations, and record keeping associated with State employees' enrollment, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the Investment Department for investment. The plan is designed so that each participant retains investment control of his/her individual account. The investment options range from a guaranteed rate of return to an aggressive growth fund account which seeks growth of capital. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. All assets and liabilities of the plan are stated at market value and are reported in an agency fund.

It is the opinion of the Attorney General that the Commonwealth has no liability for losses under the plan. The plan assets are subject to the claims of the Commonwealth's general creditors; however, to the knowledge of the Attorney General, no assets have been used in the past to satisfy such claims.

11. POST-RETIREMENT BENEFITS

In addition to providing pension benefits, the Commonwealth provides life insurance benefits for retired employees. To be eligible, the State employee must have retired or terminated employment after age 55 and have had five years of continuous service. At retirement or termination, natural death coverage starts to reduce by 2 percent each month until coverage reaches 25 percent of its value at retirement or termination. These benefits are reported in the Expendable Trust Fund. Postemployment life insurance benefits are advance funded on an actuarially determined basis using the entry-age normal actuarial cost method. Participating employers and their covered employees are required to contribute to the cost of insurance benefits. Retirees are not required to contribute, and employers may assume the employees' contributions. Current contributions are at the rate of 60 cents per month for each $1,000 of annual salary. The significant actuarial assumptions used are the same as those used to prepare actuarial valuations of the Virginia Retirement System, and the book value of plan assets is used for valuation purposes. Separate measurements of assets and actuarial accrued liabilities are not made for individual employers participating in the program. The actuarial accrued liabilities for postemployment death benefits at June 30, 1990 for the total program, determined through an actuarial valuation performed as of that

date, was $496.6 million. The program's assets available for benefits on that date were $448.3 million at book value leaving an unfunded actuarial accrued liability of $48.3 million.

The State provides health care credits, in accordance with State statutes, against the monthly health insurance premiums of its retirees who have at least 15 years of State service and participate in the State health plan. The monthly credit amounts to $1.50 per year of service not to exceed a maximum allowance of $45.00. All State agencies are required to contribute to the program at the rate of 0.4 percent of their payroll. These contributions are currently being financed on a pay-as-you-go basis. Approximately 12,100 State retirees were eligible to receive health care credits at June 30, 1991.

The Commonwealth's group life and health care contributions satisfied both actuarial and legal requirements, and totaled $19.2 million and $10.9 million, respectively, for the fiscal year ended June 30, 1991.

12. SELF-INSURANCE

The Commonwealth, through its Department of General Services, Division of Risk Management, maintains self-insurance programs which are accounted for in the Risk Management, Internal Service and Enterprise Funds. In addition, the Commonwealth maintains health care insurance for State employees, which is also accounted for in the Health Care, Internal Service Fund. Interfund premiums are accounted for as quasi-external transactions.

Activity for workers' compensation, property, general (tort) liability, medical malpractice and automobile programs is reported in the Internal Service Fund. At June 30, 1991, $134.6 million is reported as the estimated claims payable for these self-insurance programs. This figure is reported at gross and does not reflect possible reimbursements for insurance recoveries. The estimated losses are based upon actual claims that have been submitted as well as claims incurred but not reported as described in Note 1.L. The following schedule shows the changes, in thousands, in the reported liability since June 30, 1990:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
1990-1991	$ 96,063	$ 363,244	$(324,721)	$ 134,586

The Commonwealth also provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units throughout the Commonwealth. In addition, the commuter rail insurance program is administered by the Commonwealth. Risk programs funded by localities, known as public entity pools are reported in the Risk Management, Enterprise Fund. The public entity pool is found in Section 2.1-526.8:1 of the *Code of Virginia*. The pool is established subject to the approval of the Governor. It may be insurance, self-insurance or any combination and must provide protection and legal defense against liability. Local participation is voluntary and open to any political subdivision. As of July 1, 1991, there were 1,162 units of local government in the pool. This includes all 134 sheriffs, 113 Commonwealth Attorneys, 114 clerks of the court, 113 cities and towns, 62 counties, and 95 local police departments. The balance includes a large variety of boards, commissions, authorities and special districts.

The pool is actuarially valued annually and is considered sound. Investment income is considered in the anticipation of premium deficiencies. No excess insurance or reinsurance is provided, but a stability fund is incorporated into the actuarially determined required reserves.

At June 30, 1991 $5.7 million is reported as estimated claims payable for these programs. Again, this figure is actuarially determined and is reported at gross and does not reflect possible reimbursements for insurance recoveries. The following schedule shows the changes in the reported liability for the past two years.

(Dollars in Thousands)	Public Officials Liability 1991	Public Officials Liability 1990	Law Enforcement Liability 1991	Law Enforcement Liability 1990
Unpaid Claims and Claim Adjustment Expenses at Beginning of the Fiscal Year	$ 2,301	$ 1,615	$ 2,642	$ 1,537
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	193	279	198	236
Increases in Provision for Insured Events of Prior Fiscal Years	2,277	1,354	4,031	3,025
Total Incurred Claims and Claim Adjustment Expenses	2,470	1,633	4,229	3,261
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	33	1	4	6
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Fiscal Years	2,133	946	3,766	2,150
Total Payments	2,166	947	3,770	2,156
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (discounted)	$ 2,605	$ 2,301	$ 3,101	$ 2,642
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (undiscounted)	$ 3,084	$ 2,835	$ 3,726	$ 3,299

For workers' compensation, general liability, and automobile the Commonwealth assumes the full risk of claims filed. For property damages, the risk assumed by the Commonwealth is limited to $250,000 per occurrence with an aggregate stop loss of $1,000,000. The risk assumed by the Commonwealth for medical malpractice is limited to $1,000,000 per occurrence. The risk assumed by the Commonwealth for errors and omissions and law enforcement liability is limited to $1,000,000 per occurrence.

13. COMMITMENTS

A. Highway Construction Projects

At June 30, 1991, the Department of Transportation had contractual commitments of approximately $692.6 million for construction of various highway projects. Funding of these future expenditures is expected to be provided as follows: (1) Federal Funds - approximately 23.6 percent or $163.2 million, (2) State Funds - approximately 74.5 percent or $516 million, and (3) Proceeds from Bonds - approximately 1.9 percent or $13.4 million.

B. Operating Leases

The Commonwealth of Virginia has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense under these operating leases for the year ended June 30, 1991, was $56,412,273. The Commonwealth has, as of June 30, 1991, the following minimum rental payments due under the above leases:

1992	$ 47,539,958
1993	33,034,028
1994	24,000,272
1995	15,077,479
1996	6,071,261
After 1996	18,720,253
Total	$144,443,251

Lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

14. LONG-TERM INDEBTEDNESS

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(b) bonds provide for general obligation bonds to be issued as authorized by the citizens of Virginia through bond referendums to finance capital projects. These bonds are retired through the use of State appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Both 9(b) and 9(c) bonds are backed by the full faith, credit and taxing power of the Commonwealth.

Section 9(d) debt is not backed by the full faith, credit, and taxing power of the Commonwealth. This debt may be supported by State appropriations, either in whole or in part, as in the case of the VPA, the VPBA, the VCBA and the ITA. Other 9(d) bonds are payable from funds of the Public Benefit Corporations, or from revenues of specific revenue-producing capital projects, such as the Norfolk-Virginia Beach Toll Road and teaching hospitals, dormitories, student centers, and dining halls at the various State colleges and universities. Additionally, the 9(d) Transportation Bonds are payable solely from revenues, bond proceeds or earnings, and other available sources of funds.

The following schedule presents all bonds payable as reported on the Balance Sheet.

Bonds Outstanding
June 30, 1991
(Dollars in Thousands)

Enterprise Funds:	
Bonds Payable — Public Benefit Corporations	$4,451,954
General Long-Term Debt Account Group:	
General Obligation Bonds Payable	44,870
Parking Facilities Bonds	10,895
Transportation Bonds Payable	492,983
Norfolk-Virginia Beach Toll Road Revenue Bonds	9,080
Long-Term Debt of Virginia Port Authority, Virginia Public Building Authority, and Innovative Technology Authority	485,795
Total General Long-Term Debt Account Group Bonds	1,043,623
Higher Education Fund:	
Higher Education Bonds Payable	641,012
Total Bonds Payable	$6,136,589

General Obligation Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 1978. These bonds were issued to fund specific construction projects relating to correctional, mental health, and park facilities. The following schedule details the annual funding requirements necessary to repay these bonds:

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 6,575,000	$ 1,991,517	$ 8,566,517
1993	6,575,000	1,685,780	8,260,780
1994	6,575,000	1,375,111	7,950,111
1995	6,575,000	1,061,155	7,636,155
1996	6,575,000	745,555	7,320,555
1997-1998	11,995,000	559,457	12,554,457
Total	$44,870,000	$ 7,418,575	$52,288,575

Parking Facilities Bonds

Section 9(c) general obligation revenue bonds consist of Parking Facilities Bonds, Series 1991A. These bonds were issued to fund the State Corporation Commission and the Bank Street parking decks operated by the Department of General Services. The following schedule details the annual funding requirements necessary to repay these bonds:

9(c) PARKING FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 275,000	$ 712,094	$ 987,094
1993	295,000	691,194	986,194
1994	320,000	668,774	988,774
1995	340,000	644,454	984,454
1996	370,000	618,614	988,614
1997-1998	9,295,000	5,513,126	14,808,126
Total	$10,895,000	$ 8,848,256	$19,743,256

Transportation Bonds

Transportation Bonds include $159,248,486 of 9(c) revenue bonds and $333,735,125 of 9(d) revenue bonds. Principal and interest requirements for the current year totaled $40,430,716. The Section 9(d) Transportation Bonds were issued to fund the construction of State Route 28 and State Route 58, and are not considered to be a liability of the Commonwealth. The following schedules detail the annual funding requirements necessary to amortize Transportation 9(c) and 9(d) bonds:

9(c) TRANSPORTATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 4,415,000	$ 3,306,970	$ 7,721,970
1993	6,470,000	8,146,016	14,616,016
1994	6,860,000	7,765,178	14,625,178
1995	7,303,000	7,351,939	14,654,939
1996	7,653,000	7,098,980	14,751,980
1997-2011	149,456,000	65,279,522	214,735,522
Less: Unamortized Discount	(22,908,514)	-	(22,908,514)
Total	$159,248,486	$98,948,605	$258,197,091

9(d) TRANSPORTATION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 6,575,000	$ 20,759,935	$ 27,334,935
1993	6,975,000	20,358,960	27,333,960
1994	7,405,000	19,926,598	27,331,598
1995	7,875,000	19,457,960	27,332,960
1996	8,385,000	18,949,340	27,334,340
1997-2018	344,860,807	272,684,518	617,545,325
Less: Unamortized Discount	(48,340,682)	-	(48,340,682)
Total	$333,735,125	$372,137,311	$705,872,436
Total 9(c) and 9(d) Transportation Bonds	$492,983,611	$471,085,916	$964,069,527

Higher Education Bonds

Higher Education Bonds are comprised of both 9(c) revenue bonds and 9(d) bonds. Principal and interest requirements for the 9(c) bonds for the current year totaled $34,466,130. Section 9(d) bonds are from several sources as shown on the following schedule:

College and university bonds backed by pledge of revenue from specific revenue-producing capital projects	$229,193,199
College and university debt backed by endowment and other funds derived by gifts and bequests	3,167,537
VCBA debt issued to finance equipment purchases of State-supported colleges and universities	81,035,000
Total Higher Education 9(d) debt	$313,395,736

The following schedules detail the annual funding requirements necessary to amortize the Higher Education 9(c) and 9(d) bonds:

HIGHER EDUCATION-SECTION 9(c) REVENUE BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 19,490,000	$ 22,244,965	$ 41,734,965
1993	19,695,000	20,086,194	39,781,194
1994	20,435,000	18,791,432	39,226,432
1995	20,974,000	17,429,215	38,403,215
1996	21,884,000	16,291,218	38,175,218
1997-2013	248,302,000	89,276,583	337,578,583
Less: Unamortized Discount	(23,164,166)	-	(23,164,166)
Total	$327,615,834	$184,119,607	$511,735,441

HIGHER EDUCATION BONDS-SECTION 9(d)
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 45,001,736	$ 20,262,733	$ 65,264,469
1993	32,009,612	17,767,460	49,777,072
1994	29,915,181	15,662,805	45,577,986
1995	13,977,454	13,730,192	27,707,646
1996	14,124,795	12,838,211	26,963,006
1997-2017	178,366,958	130,336,802	308,703,760
Total	$ 313,395,736	$ 210,598,203	$ 523,993,939
Total Higher Education 9(c) and 9(d) Bonds	$ 641,011,570	$ 394,717,810	$1,035,729,380

Norfolk-Virginia Beach Toll Road Revenue Bonds

The State Highway Commission, as authorized by the *Code of Virginia*, has issued bonds for the construction of the Norfolk-Virginia Beach Toll Road. These Section 9(d) bonds are not backed by the full faith and credit of the Commonwealth. The principal and interest requirements on these bonds are payable solely from the tolls and other revenues arising from the operation of the toll road. The following schedule details the annual funding requirements necessary to amortize these bonds:

NORFOLK-VIRGINIA BEACH TOLL REVENUE BONDS
Principal Requirements to Maturity

Calendar Year Maturity	Principal*
1991	$ 450,000
1992	475,000
1993	495,000
1994	530,000
1995	555,000
1996-2000	3,275,000
2001-2004	3,300,000
Total	$9,080,000

*Interest payments for these bonds are not available.

Virginia Port Authority, Virginia Public Building Authority and Innovative Technology Authority

The Virginia Port Authority (VPA) has issued Section 9(d) bonds and notes pursuant to powers provided by its Board of Commissioners by the *Code of Virginia*. The Virginia Public Building Authority (VPBA) has issued Section 9(d) bonds for the purpose of acquiring buildings to be leased by agencies of the Commonwealth. The VPBA bonds are not deemed to constitute a legal liability of the Commonwealth. The Innovative Technology Authority (ITA) has issued Taxable Lease Revenue Bonds, Series 1989, to cover a portion of the costs related to the construction of a software development center and office building. This building is reported in the General Fixed Assets Account Group.

The following schedules detail the annual funding requirements necessary to amortize VPA, VPBA, and ITA bonds:

VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 7,740,000	$ 9,455,837	$ 17,195,837
1993	8,265,000	8,928,782	17,193,782
1994	8,845,000	8,348,594	17,193,594
1995	9,480,000	7,708,929	17,188,929
1996	8,665,000	7,007,534	15,672,534
1997-2010	80,030,000	47,693,788	127,723,788
Total	$123,025,000	$ 89,143,464	$212,168,464

VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 14,015,000	$ 20,242,277	$ 34,257,277
1993	14,740,000	19,716,598	34,456,598
1994	15,725,000	18,757,711	34,482,711
1995	21,010,000	17,596,587	38,606,587
1996	17,715,000	16,507,622	34,222,622
1997-2012	332,758,701	96,483,178	429,241,879
Less: Unamortized Discounts	(66,294,000)	-	(66,294,000)
Total	$349,669,701	$189,303,973	$538,973,674

INNOVATIVE TECHNOLOGY AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 200,000	$ 1,343,125	$ 1,543,125
1993	200,000	1,323,425	1,523,425
1994	200,000	1,303,625	1,503,625
1995	200,000	1,283,725	1,483,725
1996	200,000	1,263,725	1,463,725
1997-2014	12,100,000	14,763,875	26,863,875
Total	$ 13,100,000	$ 21,281,500	$ 34,381,500
Total VPA, VPBA, and ITA Debt	$485,794,701	$299,728,937	$785,523,638

Public Benefit Corporations

The Virginia Housing Development Authority (VHDA), the Virginia Education Loan Authority (VELA), the Virginia Public School Authority (VPSA), and the Virginia Resources Authority (VRA) issued Section 9(d) debt. This debt does not constitute a liability of the Commonwealth. The following schedules detail the annual funding requirements necessary to amortize Public Benefit Corporation bonds:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Principal Requirements to Maturity

Maturity	Principal*
1992	$ 88,515,000
1993	86,709,000
1994	83,735,000
1995	76,656,000
1996	72,165,000
1997-2038	2,995,173,000
Less: Unamortized Discounts and Premiums	(189,589,000)
Total	$3,213,364,000

* Interest payments for VHDA are not available from the Authority.

VIRGINIA EDUCATION LOAN AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 49,280,000	$ 20,029,974	$ 69,309,974
1993	31,900,000	17,246,937	49,146,937
1994	26,610,000	41,531,087	68,141,087
1995	21,250,000	12,732,049	33,982,049
1996	30,720,000	10,919,762	41,639,762
1997-2007	168,255,000	36,483,846	204,738,846
Less: Unamortized Discounts	(187,980)	-	(187,980)
Total	$327,827,020	$138,943,655	$466,770,675

VIRGINIA RESOURCES AUTHORITY BONDS
Principal Requirements to Maturity

Maturity	Principal*
1992	$ 4,565,000
1993	5,305,000
1994	6,430,000
1995	6,900,000
1996	7,560,000
1997-2021	192,985,597
Less: Unamortized Discounts and Issuance Expenses	(3,824,308)
Total	$219,921,289

* Interest payments for VRA are not available from the Authority.

VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
1992	$ 49,049,000	$ 46,281,146	$ 95,330,146
1993	49,004,000	43,929,156	92,933,156
1994	49,364,000	40,499,489	89,863,489
1995	47,610,000	43,638,668	91,248,668
1996	45,760,000	34,074,221	79,834,221
1997-2011	450,055,000	196,033,444	646,088,444
Total	$ 690,842,000	$ 404,456,124	$1,095,298,124

Total principal outstanding at June 30, 1991, on all Public Benefit Corporation bonds amounted to $4.5 billion.

Based on the disclosure above of Section 9(b) general obligation bonds, Section 9(c) and 9(d) bonds, the following schedule summarizes all bonds outstanding of the reporting entity by type.

Bonds Outstanding By Type
June 30, 1991

(Dollars in Thousands)

	General Long-Term Debt Account Group	Enterprise-Public Benefit Corporations	Higher Education	Total Bonds Outstanding
Section 9(b) Bonds(1)	$ 44,870	$ -	$ -	$ 44,870
Section 9(c) Bonds(1)	170,143	-	327,616	497,759
Section 9(d) Bonds:				
State Agency Debt:				
Higher Education:				
Institution	-	-	232,361	232,361
VCBA(2)	-	-	81,035	81,035
Transportation:				
Route 28	136,255	-	-	136,255
Route 58	197,480	-	-	197,480
Norfolk-Virginia Beach Toll Road	9,080	-	-	9,080
State Authority Debt:				
VPA	123,025	-	-	123,025
VPBA(2)	349,670	-	-	349,670
ITA(2)	13,100	-	-	13,100
VHDA	-	3,213,364	-	3,213,364
VELA	-	327,827	-	327,827
VRA	-	219,921	-	219,921
VPSA	-	690,842	-	690,842
Total	$ 1,043,623	$ 4,451,954	$ 641,012	$ 6,136,589

(1) General obligation debt
(2) 100% State appropriation supported debt

The following schedule summarizes the changes in long-term debt reflected in the General Long-Term Debt Account Group:

Schedule of Changes in General Long-Term Debt

(Dollars in Thousands)

	(Restated) Balance July 1, 1990	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1991
Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Article X, Sections 9(b) and 9(c) Bonds:				
Public Facilities Bonds, Series 1978	$ 51,445	$ -	$ 6,575	$ 44,870
Parking Facilities Bonds, Series 1991A	-	10,895	-	10,895
Transportation Facilities Bonds, Series 1986 (Powhite Parkway Extension)	78,000	-	1,625	76,375
Transportation Facilities Bonds, Series 1987A (Dulles Toll Road)	52,260	-	1,825	50,435
Transportation Facilities Bonds, Series 1989A (Dulles Toll Road) (Net of Unamortized Discount of $22,908,514)	33,395	1,503	2,460	32,438
Total Sections 9(b) and 9(c) Bonds	215,100	12,398	12,485	215,013
Other Long-Term Debt:				
Long-Term Capital Lease Obligations	17,689	3,530	5,394	15,825
Long-Term Portion of the Liability for Compensated Absences	168,870	4,189	-	173,059
Insurance Claims Payable	33,025	-	14,636	18,389
Installment Purchases	14,293	413	4,704	10,002
Total Long-Term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth	448,977	20,530	37,219	432,288
Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Norfolk-Virginia Beach Toll Revenue Bonds, Series 1965	9,575	-	495	9,080
Virginia Port Authority Long-Term Debt	131,285	-	8,260	123,025
Virginia Port Authority Installment Purchase Obligations	5,528	29	1,494	4,063
Virginia Public Building Authority Long-Term Debt (Net of Unamortized Discount of $66,294,000)	288,905	72,070	11,305	349,670
Transportation Contract Revenue Bonds (Route 28 Projects) (Net of Unamortized Discount of $48,340,682)	138,034	1,906	3,685	136,255
Transportation Bonds (Route 58)	200,000	-	2,520	197,480
Innovative Technology Authority Taxable Lease Revenue Bonds	13,300	-	200	13,100
Long-Term Notes Payable	4,325	-	-	4,325
Total Long-Term Debt Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	790,952	74,005	27,959	836,998
Total General Long-Term Debt Account Group	$ 1,239,929	$ 94,535	$ 65,178	$ 1,269,286

Bond Defeasance

During 1991, Virginia Resource Authority (VRA) sold a loan receivable that was originally established with the proceeds of the Sewer System Revenue Bonds, Series 1985A. VRA utilized the proceeds from this sale to defease $19.2 million of Sewer System Revenue Bonds.

Government Accounting Standards Board Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 1991, the outstanding balances of bonds series that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments are as follows:

(Dollars in Thousands)

General Long Term Debt:

1973 Transportation Facilities Bonds	$47,000
1982 Transportation Facilities Bonds - Series 1982	$52,500
1984 UVA Hospital Revenue Bonds - Series A	$36,295
1984 UVA Hospital Revenue Refunding Bonds - Series C	$60,687
1983 MCV Hospital Revenue Bonds - Series B	$20,320
1982 Higher Educational Institutions Bonds - Series A	$ 7,785
1982 Higher Educational Institutions Bonds - Series B	$ 335
1984 Higher Educational Institutions Bonds - Series B	$13,965
1984 Higher Educational Institutions Bonds - Series C	$ 715
1984 State Building Revenue Bonds - 1984 Series A	$75,980
1978 Virginia Port Authority Norfolk International Terminals Revenue Bonds	$ 375

Proprietary Fund Debt:

Virginia Public School Authority - Series 1982A	$ 2,875
Virginia Public School Authority - Series 1982C	$ 3,400
Virginia Public School Authority - Series 1984A	$ 8,505
Virginia Public School Authority - Series 1985A	$ 6,710
Virginia Resource Authority Revenue Bonds - Series 1985A	$19,240

Capital Leases

The Commonwealth of Virginia leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 1991 were:

1992	$ 6,443,781
1993	5,110,295
1994	4,071,648
1995	3,605,740
1996	2,903,540
After 1996	10,345,300
Total Gross Minimum Lease Payments	32,480,304
Less: Amount Representing Executory Costs	1,897,907
Net Minimum Lease Payments	30,582,397
Less: Amount Representing Interest	9,365,538
Present Value of Net Minimum Lease Payments	$ 21,216,859

At June 30, 1991, fixed assets purchased under capital leases were included in property, plant, and equipment as follows. The amounts are net of accumulated depreciation where applicable.

Fund/Account Group	Buildings	Equipment	Total
General Fixed Assets Account Group	$17,311,251	$ 4,029,693	$21,340,944
Enterprise Funds	-	-	-
Higher Education Fund	1,155,105	12,351,054	13,506,159
Total	$18,466,356	$16,380,747	$34,847,103

Notes Payable

Notes Payable consist of several items as shown below:

Transportation Note	$ 4,325,000
VELA Financing Agreement	92,005,330
VPSA School Equipment Financing Note	7,000,000
University of Virginia Note	6,500,000
Virginia Tech Notes	1,629,542
Longwood College Financing Agreements	640,672
Installment Notes	44,425,072
Total Notes Payable	$156,525,616

The Transportation Note listed above represents a note payable to Fairfax County, Virginia, of $4,325,000 which was issued pursuant to the State Revenue Bond Act, Article 5, Title 33.1, *Code of Virginia* to pay for the acquisition and construction of the Dulles Toll Road. This note is to be repaid on December 1, 2008.

VELA has entered into a financing agreement dated October 14, 1987. Monthly principal payments are based on student loans collected. Because these student loan collections fluctuate, a repayment schedule cannot be determined. This note matures on October 14, 2002.

The $7,000,000 VPSA School Equipment Financing Notes were issued pursuant to the provisions of an equipment resolution adopted by the Board of Commissioners of the Authority in June, 1991. The notes are limited obligations of the Authority payable solely from appropriations to be made by the Virginia General Assembly from the Literary Fund. The proceeds of the notes will be used to make grants to the school boards of 74 cities, counties and towns in the Commonwealth to purchase certain microcomputer, telecommunications and related equipment for their public school systems. The final payment on these notes is to be made in January, 1993.

The University of Virginia note is to the University of Virginia Health Services Foundation exclusively from available funds of the Medical Center. The Virginia Tech notes represent variable rate advances from the Virginia Tech foundation that are payable semiannually. The final installment is due in 1996. The Longwood College financing notes represent finance agreements for the purchase of computer hardware and telecommunication equipment. These two notes are to be repaid in 1995.

Installment notes have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the public benefit corporations and certain institutions of higher education contain nonappropriation clauses indicating that continuation of the installment note is subject to funding by the General Assembly. Presented below is a repayment schedule for installment notes.

Installment Purchases
June 30, 1991

Maturity	Principal	Interest	Total
1992	$14,370,696	$ 2,588,620	$16,959,316
1993	11,834,643	1,755,948	13,590,591
1994	7,825,587	1,082,903	8,908,490
1995	3,481,482	630,543	4,112,025
1996	1,292,736	483,657	1,776,393
After 1996	5,619,928	2,270,485	7,890,413
Total	$44,425,072	$ 8,812,156	$53,237,228

15. LOTTERY PRIZES PAYABLE

Jackpot prizes of the Virginia Lottery are payable in twenty annual installments. The first installment is paid on the day the prize is claimed. The present value of the outstanding jackpot prizes payable at June 30, 1991, is as follows:

	Balance June 30, 1991
Jackpot Prizes Payable:	
Due Within One Year	$ 12,654,277
Due in Subsequent Years	240,261,723
Total	252,916,000
Less: Interest to Maturity	(127,582,046)
Net Present Value of Jackpot Prizes Payable	125,333,954
Other - Prizes Payable	5,130,549
Total Lottery Prizes Payable	$ 130,464,503

16. INTERFUND ASSETS/LIABILITIES

Due to/from Other Funds

Due to Other Funds are amounts owed by one fund to another fund for goods sold or services rendered. Due from Other funds are amounts to be received from one fund by another fund for goods sold or services rendered.

Schedule of Due to/from Other Funds
June 30, 1991
(Dollars in Thousands)

Receivable Fund	Payable Fund	Amount
General	Internal Service:	
	DIT	$ 2,819
	Enterprise — State:	
	ABC	974
	Lottery	242
	Higher Education	141
Special Revenue:		
Literary	Enterprise — State:	
	ABC	1
Federal	Expendable Trust	114
Capital Projects	General	203
Enterprise — PBC:	Special Revenue:	
VPSA	Literary	3,400
Internal Service:	Special Revenue:	
Risk Management	Highway	5,000
Pension Trust:	Pension Trust:	
VRS	SPORS	24
	JRS	19
	Expendable Trust	23
Expendable Trust	Pension Trust:	
	Administration	2,198
	JRS	8
Agency: Child Support	General	3,914
Higher Education	General	2,749
	Higher Education	55,053
Total		$76,882

Interfund Receivables/Payables

Interfund receivables/payables are short-term loans made by one fund to another. Interfund receivables are composed of temporary loans made from the Special Revenue Funds to fund approved construction projects in anticipation of permanent financing or to provide cash in advance of revenue collections.

Schedule of Interfund Receivables/Payables
June 30, 1991
(Dollars in Thousands)

Receivable Fund	Payable Fund	Amount
Special Revenue:	Enterprise—State:	
Other	ABC	$ 9,496
	Virginia Industries for the Blind	250
	Higher Education	8,148
Total		$17,894

Advances From/To Other Funds represent the noncurrent portion of a long-term debt owed by one fund to another fund.

Schedule of Advances From/To Other Funds
June 30, 1991
(Dollars in Thousands)

Receivable Fund	Payable Fund	Amount
Enterprise-PBC:	Special Revenue:	
VPSA	Literary	$ 3,600

Loans Receivable From Proprietary Funds

Long-term loans receivable of the General Fund (Loans Receivable From Proprietary Funds) of $7.1 million represent working capital advances to the Internal Service Funds. This includes $422,480 to finance inventories and provide working capital and $6.7 million to provide collateral as security for payments of the Commonwealth's indebtedness under its workers' compensation insurance policy.

The long-term loan to the Internal Service Fund of the Department of General Services, Division of Risk Management, of $6.7 million represents amounts loaned to the Division to provide collateral to Traveler's Indemnity Company (Traveler's) as security for payment of the Commonwealth's obligations under its workers' compensation insurance policy with Traveler's for policy years 1983 through 1986. The total amount of the collateral equals $11.8 million and represents the estimated obligation of the Commonwealth under the policy. Pursuant to Section 3-7.01, Chapter 972, 1990 Acts of Assembly, $6.7 million of the remaining balance is to be repaid to the General Fund at June 30, 1992. Loans to all proprietary

funds are not available for expenditure by the General and Special Revenue Funds and, accordingly, the fund balances of these Funds have been reserved.

The Literary Fund, a Special Revenue Fund, provides low interest loans to school divisions for construction, renovation, and expansion of school buildings of the cities, counties and towns of the Commonwealth. The Virginia Public School Authority, an Enterprise Fund, issues bonds to finance the projects.

Twice a year, a portion of the loans in the Literary Fund are transferred to the Authority for use as collateral on bonds. A loan receivable is recorded by the Literary Fund until the Authority sells more bonds and repays the Literary Fund. At year end, $319.9 million in loans were receivable in the Special Revenue Fund and payable from the Enterprise Fund. The receivable balance, in addition to any loans not yet transferred to the Authority, is reflected as reserved fund balance.

17. FUND BALANCE RESERVATIONS

Reserved and designated fund balances are as follows:

Schedule of Reserved Fund Balances
June 30, 1991

(Dollars in Thousands)

Reserved/ Restricted for	General Fund	Special Revenue Funds	Debt Service Fund	Pension Trust Funds	Non-expendable Trust	Higher Education Fund
Working Capital Advances and Loans	$ 8,125	$ -	$ -	$ -	$ -	$ -
Literary Fund Loans	-	423,484	-	-	-	-
Inventory	1,569	51,282	-	-	-	-
Debt Service	-	-	42,520	-	-	-
Member Reserve for Pension Benefits	-	-	-	2,027,108	-	-
Employer Reserve for Pension Benefits	-	-	-	9,320,644	-	-
Reserved/ Restricted Gifts, Grants, and Contracts	-	-	-	-	3,170	98,703
Loan Funds	-	-	-	-	-	12,421
Endowment Funds	-	-	-	-	-	149,738
Total Reserved/ Restricted Fund Balances	$ 9,694	$474,766	$ 42,520	$11,347,752	$ 3,170	$260,862

18. CONTRIBUTED CAPITAL

Contributed capital is created when a residual equity transfer is received by a proprietary fund, when a general fixed asset is "transferred" to a proprietary fund or when a grant is received that is externally restricted to capital acquisition or construction. Contributed capital in the Internal Service Funds totaling $5.7 million consists of $1.6 million in General Fund appropriations and $4.1 million in contributed property and equipment. Contributed capital of the Enterprise Funds, both State and Public Benefit Corporations, totaled $114.7 million. The Virginia Industries for the Blind (VIB), a State Enterprise Fund, reported $1.7 million in contributed property and equipment. Two Public Benefit Corporations reported contributed capital: the Virginia International Terminals, Inc. (VIT) and the Virginia Resources Authority (VRA). VIT reported $2.8 million in contributed property and equipment. VRA's contributed capital consists of $52.3 million in transfers from the Commonwealth of Virginia to fund the Virginia Water Facilities Revolving Fund and $57.9 million from the Environmental Protection Agency of the U. S. Government under the Capitalization Grants for State Revolving Funds federal assistance program. The property and equipment in each fund is recorded at historical cost.

Schedule of Changes in Contributed Capital

(Dollars in Thousands)

	Contributed Capital July 1, 1990	Contributions	Contributed Capital June 30, 1991
Enterprise Funds:			
VIB	$ 1,650	$ -	$ 1,650
VIT	2,782	-	2,782
VRA	70,608	39,618	110,226
Total Enterprise Funds	$ 75,040	$ 39,618	$114,658
Internal Service Funds:			
Industrial Enterprises	$ 5,676	$ -	$ 5,676

19. SEGMENT INFORMATION — ENTERPRISE FUNDS

Segment financial information for the Commonwealth's Enterprise Funds as described in Note 1.C, is presented opposite.

Selected Segment Information
For the Fiscal Year Ended June 30, 1991

(Dollars in Thousands)

	State				Public Benefit Corporations						
	State Lottery Department	Department of Alcoholic Beverage Control	Other	Sub-Total	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia Resources Authority	Virginia Public School Authority	Other	Sub-Total	Total Enterprise Funds
Operating Revenues	$ 790,282	262,046	18,849	1,071,177	330,929	47,406	23,157	57,941	127,690	587,123	1,658,300
Depreciation Expense	4,499	1,325	48	5,872	652	1,040	7	-	3,601	5,300	11,172
Operating Income (Loss)	274,985	37,782	8,719	321,486	47,717	(7,605)	6,162	12,968	(5,038)	54,204	375,690
Transfers In	-	20	-	20	-	-	-	-	-	-	20
Transfers Out	294,528	37,459	5,263	337,250	-	-	-	12,417	-	12,417	349,667
Net Nonoperating Revenues	12,063	420	2,264	14,747	-	-	89	-	347	436	15,183
Net Income (Loss)	(7,480)	763	5,720	(997)	47,717	(7,605)	6,251	551	(4,691)	42,223	41,226
Property, Plant, and Equipment Additions	10,768	810	69	11,647	497	2,322	18	-	6,392	9,229	20,876
Total Assets	173,212	39,996	31,010	244,218	3,876,509	514,221	355,555	1,035,064	55,444	5,836,793	6,081,011
Total Long-Term Liabilities	122,838	3,971	121	126,930	3,214,280	423,982	219,921	948,456	8,508	4,815,147	4,942,077
Total Liabilities	168,212	30,456	8,271	206,939	3,436,464	431,532	227,611	1,033,924	21,658	5,151,189	5,358,128
Total Equity	5,000	9,540	22,739	37,279	440,045	82,689	127,944	1,140	33,786	685,604	722,883
Net Working Capital	(10,059)	6,837	21,942	18,720	135,447	114,876	52,473	(40,350)	14,886	277,332	296,052

20. RESTATEMENT OF BEGINNING RETAINED EARNINGS AND ACCOUNT BALANCE

In accordance with GASB 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," a change in reporting has been made for the Commonwealth's Risk Management Programs. Risk Management Programs funded by localities are now reported in the Enterprise Fund rather than in the Internal Service Fund. Restatement of June 30, 1990, Retained Earnings in the Enterprise Fund is required to reflect this reporting change.

Fund balance in the Internal Service Fund is not restated because the liability related to insurance claims was greater than fund balance in fiscal year 1990. Accordingly, the remaining liability recorded in the General Long-Term Debt Account Group in fiscal year 1990 has been restated to reflect this reporting change.

In 1991, a line item, Increase in Reserve for Inventory, has been added which discloses the change from the purchases method to the consumption method of accounting for inventory, and the effect on fund balance in the Special Revenue Fund.

The schedule presented below details the restatements made to Retained Earnings and Account Balance as of June 30, 1990:

Restatement of Beginning Retained Earnings and Account Balance

	Enterprise Retained Earnings	General Long-Term Debt Account Group
Balance as of June 30, 1990, as Previously Reported	$553,499	$1,223,167
To Reclassify Risk Management Public Entity Pools Previously Reported as Internal Service to Enterprise-State	13,500	-
To Record Additional Unfunded Claim Liability as a Result of Risk Management Reporting Reclassification	-	16,762
Balance as of June 30, 1990, as Adjusted	$566,999	$1,239,929

21. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education and other State agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

B. Litigation

In *Davis v. Michigan* (decided March 28, 1989), the United States Supreme Court ruled unconstitutional Michigan's statute exempting from state income tax the retirement benefits paid by the state or local governments and not exempting retirement benefits paid by the federal government. At the time of this decision, Virginia exempted state and local but not federal government retirement benefits from taxation. At a Special Session held on April 24-27, 1989, the General Assembly approved an amendment to the *Code of Virginia* repealing the exemption for state and local retirement benefits and providing an exclusion for certain retirement income received by public and private pensioners. This amendment was fully implemented in taxable years beginning on or after January 1, 1991.

Subsequent to the Supreme Court decision in *Davis v. Michigan*, several suits were brought against the Commonwealth seeking a refund of taxes paid on federal retirement benefits. In February, 1990, the Circuit Court of the City of Alexandria ruled in favor of the Commonwealth and denied refunds to the plaintiffs. In March, 1991, the Virginia Supreme Court affirmed the Circuit Court ruling. Petitions for appeal were filed in the United States Supreme Court, which, in June, 1991, granted the petitions, vacated the judgment of the Virginia Supreme Court and remanded the cases for further consideration in light of its decision in *James B. Beam Distilling Co. v. Georgia*. On remand, the Virginia Supreme Court on November 8, 1991, reaffirmed its March, 1991, ruling, and upheld its decision in favor of the Commonwealth. The plaintiff-taxpayers will undoubtedly ask the United States Supreme Court to review the case. The estimated potential financial impact on the Commonwealth of claims for refunds by all federal pensioners is approximately $430.3 million, including interest through December 31, 1990.

The Commonwealth is named as a party in legal proceedings that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Commonwealth.

22. SUBSEQUENT EVENTS

On October 9, 1991, System Holdings, Inc. (SHI), a corporation wholly owned by the Virginia Retirement System (VRS), accepted for purchase 5,854,133 shares of RF&P Corporation (RF&P) tendered pursuant to SHI's tender offer dated August 30, 1991 for $39 per share. On October 10, 1991, substantially all of RF&P's railroad assets were acquired by RF&P Railway Company (Railway), a wholly owned subsidiary of Northern Ventures Holding Corp. (Holding), which is a wholly owned subsidiary of CSX Transportation, Inc. (CSXT), a unit of CSX, in exchange for 3,857,143 shares of RF&P owned by CSX and valued at $35 per share and the assumption of certain RF&P liabilities pursuant to an asset purchase agreement dated August 28, 1991. Simultaneous with the closing of the railroad asset sale, VRS purchased 2,974,807 shares of RF&P from Holding and Richmond-Washington Company, a majority owned subsidiary of CSXT for approximately $105.8 million pursuant to a stock purchase agreement dated August 28, 1991. As a result of these transactions, VRS holds over 99 percent of RF&P's outstanding shares and CSX owns RF&P's railroad assets.

Effective July 1, 1991, Virginia International Terminals, Inc. (VIT) implemented a deferred compensation plan under Internal Revenue Code Section 457 that covers substantially all nonunion employees with one or more years of service. VIT will match contributions in an amount equal to 25 percent of each participant's deferred compensation for the plan year with the maximum Company contribution limited to 3 percent of the participant's base pay.

Subsequent to June 30, 1991, the Virginia Housing Development Authority (VHDA) sold a total of $47.9 million in Multi-Family Housing Bonds, 1991 Series E/F, and a total of $7.4 million in Commonwealth Mortgage Bonds, 1991 Series Q.

Required Supplementary Information

Required Supplementary Information
Analysis of Funding Progress for Defined Pension Benefit Plan(s)
(Dollars in Millions)

	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
Virginia Retirement System						
1990	$3,450.9	$4,674.7	73.8%	$1,223.8	$2,355.3	52.0%
1989	2,999.6	3,982.0	75.3	982.4	2,073.0	47.4
1988	2,594.4	3,442.4	75.3	848.0	1,914.5	44.3
1987	2,242.1	4,036.5	55.5	1,794.4	1,777.3	101.0
State Police Officers' Retirement System						
1990	$ 125.6	$ 196.0	64.1%	$ 70.4	$ 54.0	130.4%
1989	109.8	165.1	66.5	55.3	47.2	117.2
1988	96.0	133.3	72.0	37.3	41.9	89.0
1987	84.3	138.5	60.9	54.2	36.7	147.7
Judicial Retirement System						
1990	$ 74.7	$ 156.9	47.6%	$ 82.2	$ 29.9	274.9%
1989	65.4	127.6	51.3	62.2	25.3	245.9
1988	56.7	114.7	49.4	58.0	23.5	246.8
1987	49.5	131.1	37.8	81.6	21.6	377.8

Ten years of data is not provided as it is not available at this time.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligations, and unfunded pension benefit obligations in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligations provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded pension benefit obligations and annual covered payrolls are both affected by inflation. Expressing the unfunded pension benefit obligations as a percentage of annual covered payrolls approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Combining and Individual Fund Statements

Special Revenue Funds

The Highway Maintenance and Construction Fund accounts for the revenues and expenditures associated with highway operations, maintenance, construction and related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the federal government.

The Federal Trust Fund accounts for all federal monies received by the Commonwealth except those received by the Highway Maintenance and Construction Fund, the Unemployment Compensation Trust Fund, and institutions of higher education.

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovation, and expansion of school buildings.

The Dedicated Special Revenue Fund accounts for revenues and expenditures associated with specific activities aimed at improving and protecting the environment.

The Other Special Revenue Fund accounts for revenues and expenditures related to local health care assistance, business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

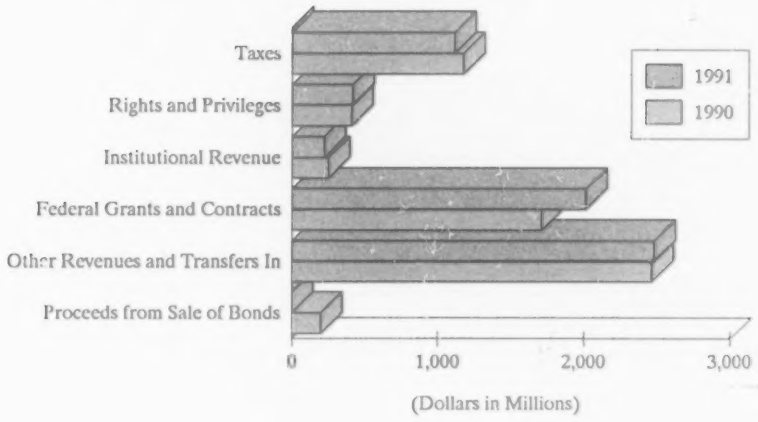
Analysis

Due to the downturn in the federal budget and the state economy, Special Revenue Fund expenditures in the health and human resources area increased by approximately 13% over the prior year. The Department of Social Services experienced increases in the number of recipients requesting assistance from entitlement programs, including Aid to Dependent Children, foster care, food stamps, low income energy and assistance, and employment assistance. The Department of Medical Assistance Services also experienced an increase in the number of Medicaid recipients, due largely to rising health care costs and increased unemployment.

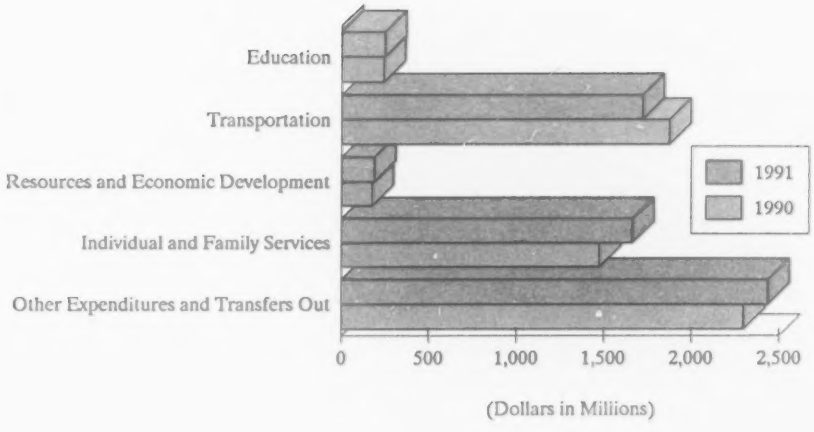
The presentation of the Special Revenue Funds differs from last year. This change was implemented to reflect Special Revenue activity in the same manner as it is budgeted. In the State's internal accounting system, this activity is split into approximately 118 different sub-funds for monitoring purposes. However, these funds are budgeted as presented.

Special Revenue Funds

Revenues



Expenditures



Combining Balance Sheet
Special Revenue Funds

June 30, 1991
(Dollars in Thousands)

	Highway Maintenance and Construction	Federal Trust	Literary	Dedicated	Other
Assets					
Cash, Cash Equivalents, and Investments	$ 476,712	$ 30,051	$ 55,102	$ 25,861	$ 63,531
Petty Cash and Travel Advances	1,213	59	-	85	451
Taxes, Loans, Accounts, and Other Receivables (Net)	163,744	181,185	55,459	9,367	49,802
Due From Other Funds	-	114	1	-	-
Interfund Receivables	-	-	-	-	17,894
Loans Receivable from Proprietary Funds	-	-	319,922	-	-
Inventory	42,963	-	-	-	8,319
Total Assets	$ 684,632	$ 211,409	$ 430,484	$ 35,313	$ 139,997
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	$ 112,320	$ 188,830	$ -	$ 1,892	$ 6,740
Amounts Due to Other Governments	33,169	-	-	-	-
Deposits Pending Distribution	2,725	-	-	117	77
Other Liabilities	25	-	-	-	-
Due to Other Funds	5,000	-	3,400	-	-
Deferred Revenue	7,925	22,495	-	35	601
Advances From Other Funds	-	-	3,600	-	-
Accrued Liability for Compensated Absences	884	84	-	36	475
Total Liabilities	162,048	211,409	7,000	2,080	7,893
Fund Balance:					
Reserved for Loans and Inventory	42,963	-	423,484	-	8,319
Unreserved	479,621	-	-	33,233	123,785
Total Fund Balance	522,584	-	423,484	33,233	132,104
Total Liabilities and Fund Balance	$ 684,632	$ 211,409	$ 430,484	$ 35,313	$ 139,997

Totals	
June 30, 1991	June 30, 1990
$ 651,257	$ 668,878
1,808	1,791
459,557	435,987
115	41,333
17,894	37,972
319,922	306,284
51,282	233
$ 1,501,835	$ 1,492,478
$ 309,782	$ 286,838
33,169	32,560
2,919	2,517
25	55
8,400	9,425
31,056	48,739
3,600	-
1,479	239
390,430	380,373
474,766	402,540
636,639	709,565
1,111,405	1,112,105
$ 1,501,835	$ 1,492,478

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Highway Maintenance and Construction	Federal Trust	Literary	Dedicated	Other
Revenues:					
Taxes	$ 1,081,075	$ -	$ -	$ 4,960	$ 32,071
Rights and Privileges	218,481	201	5	37,226	165,358
Assessments and Receipts for Support of Special Services	7,517	-	-	8,114	25,870
Institutional Revenue	-	-	-	82	225,873
Interest, Dividends, and Rents	41,581	1,729	7,689	931	2,524
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,584	25	37,846	4,299	3,849
Federal Grants and Contracts	337,513	1,678,573	-	-	555
Receipts from Cities, Counties, and Towns	54,270	-	-	-	47,655
Private Donations, Gifts, and Contracts	-	-	-	554	1,989
Other	17,424	-	1,466	1,788	25,146
Total Revenues	1,761,445	1,680,528	47,006	57,954	530,890
Expenditures:					
Current:					
General Government	4,335	7,483	-	2	14,359
Education	1,849	182,053	20,124	-	44,435
Transportation	1,666,760	2,641	-	1,056	100,833
Resources and Economic Development	991	98,258	-	39,169	49,684
Individual and Family Services	-	1,374,361	-	8,475	286,377
Administration of Justice	2,567	13,027	-	-	3,942
Capital Outlay	5,964	2,742	-	812	3,071
Total Expenditures	1,682,466	1,680,565	20,124	49,514	502,701
Revenues Over (Under) Expenditures	78,979	(37)	26,882	8,440	28,189
Other Financing Sources (Uses):					
Transfers:					
Operating Transfers In	1,805,179	157,088	110,720	4,378	112,398
Operating Transfers Out	(1,846,560)	(157,344)	(116,658)	(2,892)	(104,301)
Appropriations Act	(113,044)	(163)	-	(6,542)	(34,004)
Proceeds from Capital Leases	-	456	-	-	-
Proceeds from Sale of Bonds	-	-	-	-	-
Total Other Financing Sources (Uses)	(154,425)	37	(5,938)	(5,056)	(25,907)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(75,446)	-	20,944	3,384	2,282
Fund Balance, July 1	549,894	-	402,540	29,849	129,822
Increase in Reserve for Inventory	48,136	-	-	-	-
Fund Balance, June 30	$ 522,584	$ -	$ 423,484	$ 33,233	$ 132,104

Totals	
June 30, 1991	June 30, 1990
$ 1,118,106	$ 1,178,189
421,271	412,585
41,501	36,714
225,955	252,821
54,454	37,674
49,603	39,179
2,016,641	1,713,822
101,925	119,490
2,543	1,417
45,824	118,791
4,077,823	3,910,682
26,179	42,419
248,461	242,595
1,771,290	1,878,018
188,102	177,825
1,669,213	1,476,670
19,536	17,105
12,589	14,777
3,935,370	3,849,409
142,453	61,273
2,189,763	2,117,138
(2,227,755)	(2,208,301)
(153,753)	(18,573)
456	956
-	200,000
(191,289)	91,220
(48,836)	152,493
1,112,105	959,612
48,136	-
$ 1,111,405	$ 1,112,105

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis
Special Revenue Funds
For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Highway Maintenance and Construction		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ 224,182	$ 223,392	$ (790)
Motor Fuel	621,329	616,722	(4,607)
Motor Vehicle Sales and Use	262,503	230,381	(32,122)
Other	36,368	2,584	(33,784)
Rights and Privileges	204,710	218,510	13,800
Sales of Property	-	124	124
Assessments and Receipts for Support of Special Services	8,812	7,516	(1,296)
Institutional Revenue	-	-	-
Interest, Dividends, and Rents	8,399	41,581	33,182
Fines, Forfeitures, Court Fees, Penalties, and Escheats	-	3,581	3,581
Federal Grants and Contracts	306,068	304,772	(1,296)
Receipts from Cities, Counties, and Towns	21,920	87,259	65,339
Private Donations, Gifts and Contracts	-	-	-
Other	5,233	3,731	(1,502)
Total Revenues	1,699,524	1,740,153	40,629
Expenditures:			
Current:			
General Government	6,742	4,702	2,040
Education	1,853	1,849	4
Transportation	2,148,627	1,673,786	474,841
Resources and Economic Development	1,099	1,000	99
Individual and Family Services	-	-	-
Administration of Justice	2,743	2,566	177
Capital Outlay	6,043	6,043	-
Total Expenditures	2,167,107	1,689,946	477,161
Revenues Over (Under) Expenditures	(467,583)	50,207	517,790
Other Financing Sources (Uses):			
Transfers:			
Appropriations Act	(54,438)	(113,044)	(58,606)
Operating Transfers In	-	1,805,178	1,805,178
Operating Transfers Out	-	(1,846,560)	(1,846,560)
Proceeds from Sale of Bonds	-	-	-
Total Other Source (Uses)	(54,438)	(154,426)	(99,988)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(522,021)	(104,219)	417,802
Fund Balance, July 1	566,434	566,434	-
Fund Balance, June 30	$ 44,413	$ 462,215	$ 417,802

Federal Trust			Dedicated		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	1	1	5,017	4,765	(252)
-	75	75	37,131	37,741	610
-	-	-	483	659	176
-	-	-	8,681	8,115	(566)
-	-	-	-	82	82
-	-	-	695	943	248
-	25	25	1,748	4,300	2,552
1,772,865	1,558,471	(214,394)	-	-	-
-	-	-	-	-	-
-	-	-	806	538	(268)
6,823	14,378	7,555	3,318	1,102	(2,216)
1,779,688	1,572,950	(206,738)	57,879	58,245	366
27,524	7,741	19,783	25	3	22
271,299	178,430	92,869	-	-	-
4,251	2,582	1,669	1,083	1,053	30
114,024	98,573	15,451	50,471	39,515	10,956
1,341,556	1,270,110	71,446	10,898	9,030	1,868
19,808	12,620	7,188	4,500	-	4,500
1,226	1,226	-	847	847	-
1,779,688	1,571,282	208,406	67,824	50,448	17,376
-	1,668	1,668	(9,945)	7,797	17,742
-	-	-	(4,868)	(6,542)	(1,674)
-	154,363	154,363	-	4,378	4,378
-	(156,031)	(156,031)	-	(2,892)	(2,892)
-	-	-	-	-	-
-	(1,668)	(1,668)	(4,868)	(5,056)	(188)
-	-	-	(14,813)	2,741	17,554
-	-	-	27,882	27,882	-
$ -	$ -	$ -	$ 13,069	$ 30,623	$ 17,554

(Continued on next page)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — Budgetary Basis
Special Revenue Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Other		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
State Sales and Use	$ -	$ -	$ -
Motor Fuel	8,008	7,514	(494)
Motor Vehicle Sales and Use	-	-	-
Other	25,110	24,327	(783)
Rights and Privileges	174,910	156,774	(18,136)
Sales of Property	7,308	8,036	728
Assessments and Receipts for Support of Special Services	24,327	25,872	1,545
Institutional Revenue	236,697	241,921	5,224
Interest, Dividends, and Rents	1,951	4,180	2,229
Fines, Forfeitures, Court Fees, Penalties, and Escheats	5,994	4,442	(1,552)
Federal Grants and Contracts	7,694	553	(7,141)
Receipts from Cities, Counties, and Towns	51,751	48,837	(2,914)
Private Donations, Gifts and Contracts	267	1,106	839
Other	40,091	19,902	(20,189)
Total Revenues	584,108	543,464	(40,644)
Expenditures:			
Current:			
General Government	21,047	14,359	6,688
Education	51,524	44,123	7,401
Transportation	114,100	105,837	8,263
Resources and Economic Development	66,961	49,619	17,342
Individual and Family Services	330,801	292,292	38,509
Administration of Justice	10,524	4,016	6,508
Capital Outlay	16,292	16,292	-
Total Expenditures	611,249	526,538	84,711
Revenues Over (Under) Expenditures	(27,141)	16,926	44,067
Other Financing Sources (Uses):			
Transfers:			
Appropriations Act	(17,412)	(34,220)	(16,808)
Operating Transfers In	-	119,554	119,554
Operating Transfers Out	-	(93,104)	(93,104)
Proceeds from Sale of Bonds	-	4,110	4,110
Total Other Source (Uses)	(17,412)	(3,660)	13,752
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(44,553)	13,266	57,819
Fund Balance, July 1	94,363	94,363	-
Fund Balance, June 30	$ 49,810	$ 107,629	$ 57,819

Total Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
$ 224,182	$ 223,392	$ (790)
629,337	624,236	(5,101)
262,503	230,381	(32,122)
66,495	31,677	(34,818)
416,751	413,100	(3,651)
7,791	8,819	1,028
41,820	41,503	(317)
236,697	242,003	5,306
11,045	46,704	35,659
7,742	12,348	4,606
2,086,627	1,863,796	(222,831)
73,671	136,096	62,425
1,073	1,644	571
55,465	39,113	(16,352)
4,121,199	3,914,812	(206,387)
55,338	26,805	28,533
324,676	224,402	100,274
2,268,061	1,783,258	484,803
232,555	188,707	43,848
1,683,255	1,571,432	111,823
37,575	19,202	18,373
24,408	24,408	-
4,625,868	3,838,214	787,654
(504,669)	76,598	581,267
(76,718)	(153,806)	(77,088)
-	2,083,473	2,083,473
-	(2,098,587)	(2,098,587)
-	4,110	4,110
(76,718)	(164,810)	(88,092)
(581,387)	(88,212)	493,175
688,679	688,679	-
$ 107,292	$ 600,467	$ 493,175

Enterprise Funds — State

The Enterprise Funds — State account for State operations that are financed and operated in a manner similar to private business enterprises. It is the State's intent that the cost of providing such goods or services will be recovered through user charges.

The State Lottery Department accounts for all receipts and expenses from the operations of the State Lottery.

The Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

Risk Management accounts for pooled resources received and used for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance, Law Enforcement Insurance and Commuter Rail Insurance.

The Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

The Virginia Museum of Fine Arts operates gift shop and food service activities.

The Division of Legislative Services accounts for sales of the *Virginia Register*, a publication which lists all proposed and final state agency regulations.

Analysis

Operating income of the Enterprise Funds increased 7.0 percent during fiscal year 1991, largely due to the $120 million increase in operating income of the State Lottery Department. Increased Lotto sales was the most significant factor for the lottery growth. On October 31, 1990, a second weekly drawing was introduced for the Lotto million dollar game. In addition, the Pick 3 and Instant Ticket products continued to respond to aggressive sales and marketing programs. The large variance in cash and amounts due to other funds reflects a statutory change to transfer lottery earnings to the General Fund before the end of the fiscal year.

Even though total Enterprise Funds expenses increased 37.1 percent, or $204.4 million, liabilities decreased 13.4 percent, or $32.1 million. This can also be attributed to the State Lottery Department efficiently managing and financing program costs.

Enterprise Funds — Public Benefit Corporations

The Enterprise Funds — Public Benefit Corporations are those public corporations empowered by the Code of Virginia to provide certain services to the citizens of Virginia, but which are not agencies of the State. While these organizations are not State agencies, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. These organizations receive no tax monies from the State, nor is their debt a liability of the State. The Commonwealth, however, does transact with the Virginia International Terminals, Inc. and the Virginia Public School Authority throughout the year.

Virginia Housing Development Authority (VHDA) has the authority to finance housing sold or rented to families with low and moderate incomes. Funds are raised through the sale of tax-exempt notes and bonds.

Virginia Education Loan Authority (VELA) assists students in obtaining loans to attend college.

Virginia International Terminals, Inc. (VIT) was formed on January 1, 1982, for the purpose of operating marine terminals in Norfolk and Newport News for the Virginia Port Authority. In 1983, VIT was also given the right to operate terminals in Portsmouth.

Virginia Resources Authority (VRA) is responsible for encouraging the investment of both public and private funds in the water and sewer projects of local governments. VRA also makes loans and grants available to local governments to finance these projects.

State Education Assistance Authority (SEAA) guarantees student loans provided to residents by financial institutions of the Commonwealth through a program administered by the federal government.

Virginia Public School Authority (VPSA) is empowered to issue bonds to finance capital projects of schools of the cities, counties, and towns of the Commonwealth.

Analysis

At year end, Public Benefit Corporations had total assets of $5.8 billion, comprised primarily of loans and accounts receivable and investments. Revenues for the year totaled $587 million while expenses, and net operating transfers totaled $545 million, yielding net income of $42 million.

These operating results have been directly affected by the current economic recession and decline in real estate values in the industry and for Virginia Housing Development Authority's properties. Another significant influence on the financial condition of the Public Benefit Corporations was the increase in demand for funding for local school constructions. This resulted in the Virginia Public School Authority issuing additional debt and purchasing additional local school bonds, causing an increase in both interest revenue and interest expense.

Combining Balance Sheet
Enterprise Funds — State and Public Benefit Corporations

June 30, 1991
(Dollars in Thousands)

	Enterprise-State						Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Assets							
Cash, Cash Equivalents, and Investments	$ 133,844	$ 187	$ 26,565	$ 615	$ 668	$ 54	$ 161,933
Petty Cash and Travel Advances	5	120	50	1	5	-	181
Taxes, Loans, Accounts, and Other Receivables (Net)	10,182	1,148	4	836	42	1	12,213
Due From Other Funds	-	-	-	-	-	-	-
Inventory	1,226	31,852	-	866	335	-	34,279
Restricted Assets	-	-	-	-	-	-	-
Prepaid Expenses	2,738	15	47	2	-	-	2,802
Property, Plant, and Equipment (Net)	25,217	6,674	-	919	-	-	32,810
Unamortized Bond Issuance Expense	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-
Total Assets	$ 173,212	$ 39,996	$ 26,666	$ 3,239	$ 1,050	$ 55	$ 244,218
Liabilities and Equity							
Liabilities:							
Accounts Payable	$ 8,997	$ 15,081	$ 218	$ 169	$ -	$ 10	$ 24,475
Amounts Due to Other Governments	-	-	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	-	-
Deposits Pending Distribution	-	-	-	-	-	-	-
Claims Payable	-	-	5,706	-	-	-	5,706
Notes Payable	13,454	-	-	54	-	-	13,508
Lottery Prizes Payable	130,465	-	-	-	-	-	130,465
Other Liabilities	-	-	-	-	13	-	13
Due to Other Funds	242	975	-	-	-	-	1,217
Interfund Payables	-	9,496	-	250	-	-	9,746
Loans Payable	-	-	-	-	-	-	-
Deferred Revenue	14,614	933	1,730	-	-	-	17,277
Matured Debt Payable	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Due to Program Participants, Escrows, and Providers	-	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-	-
Accrued Liability for Compensated Absences	440	3,971	-	107	14	-	4,532
Total Liabilities	168,212	30,456	7,654	580	27	10	206,939
Fund Equity:							
Contributed Capital	-	-	-	1,650	-	-	1,650
Retained Earnings	5,000	9,540	19,012	1,009	1,023	45	35,629
Total Fund Equity	5,000	9,540	19,012	2,659	1,023	45	37,279
Total Liabilities and Equity	$ 173,212	$ 39,996	$ 26,666	$ 3,239	$ 1,050	$ 55	$ 244,218

Enterprise-Public Benefit Corporations						Subtotal	Totals	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1991	June 30, 1990
$ 1,178,756	$ 164,917	$ 4,293	$ 84,082	$ 5,754	$ 720,424	$ 2,158,226	**$ 2,320,159**	$ 2,145,976
-	-	-	-	-	-	-	**181**	181
2,668,064	336,888	13,730	271,404	9,458	307,640	3,607,184	**3,619,397**	3,453,411
-	-	-	-	-	3,400	3,400	**3,400**	
6,183	-	3,438	-	-	-	9,621	**43,900**	38,053
-	-	1,524	-	-	-	1,524	**1,524**	1,445
-	777	583	6	126	-	1,492	**4,294**	2,127
18,886	8,794	13,986	63	2,552	-	44,281	**77,091**	68,241
4,620	2,845	-	-	-	-	7,465	**7,465**	7,738
-	-	-	-	-	3,600	3,600	**3,600**	-
$ 3,876,509	$ 514,221	$ 37,554	$ 355,555	$ 17,890	$ 1,035,064	$ 5,836,793	**$ 6,081,011**	$ 5,717,172
$ 27,648	$ 1,970	$ 2,963	$ 100	$ 1,253	$ 103	$ 34,037	**$ 58,512**	$ 40,095
-	-	-	-	-	-	-	**-**	6,396
72,228	5,580	-	2,945	-	13,363	94,116	**94,116**	94,410
-	-	-	-	9	-	9	**9**	4
-	-	-	-	-	-	-	**5,706**	4,943
-	96,155	-	-	673	7,000	103,828	**117,336**	117,726
-	-	-	-	-	-	-	**130,465**	25,223
-	-	7,463	2,184	-	1,173	10,820	**10,833**	10,514
-	-	-	-	-	-	-	**1,217**	158,031
-	-	-	-	-	-	-	**9,746**	15,551
-	-	-	-	-	319,922	319,922	**319,922**	307,284
-	-	-	2,461	5,968	-	8,429	**25,706**	22,670
-	-	-	-	-	1,521	1,521	**1,521**	280
3,213,364	327,827	-	219,921	-	690,842	4,451,954	**4,451,954**	4,149,557
122,308	-	1,515	-	-	-	123,823	**123,823**	114,754
-	-	-	-	-	-	-	**-**	489
916	-	1,643	-	171	-	2,730	**7,262**	7,206
3,436,464	431,532	13,584	227,611	8,074	1,033,924	5,151,189	**5,358,128**	5,075,133
-	-	2,782	110,226	-	-	113,008	**114,658**	75,040
440,045	82,689	21,188	17,718	9,816	1,140	572,596	**608,225**	566,999
440,045	82,689	23,970	127,944	9,816	1,140	685,604	**722,883**	642,039
$ 3,876,509	$ 514,221	$ 37,554	$ 355,555	$ 17,890	$ 1,035,064	$ 5,836,793	**$ 6,081,011**	$ 5,717,172

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Enterprise Funds —State and Public Benefit Corporations

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Enterprise-State						Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Operating Revenues:							
Interest, Dividends, and Rents	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special Allowance Income	-	-	-	-	-	-	-
Charges for Sales and Services	790,282	262,046	11,220	5,674	1,892	63	1,071,177
Other	-	-	-	-	-	-	-
Total Operating Revenues	790,282	262,046	11,220	5,674	1,892	63	1,071,177
Operating Expenses:							
Interest Expense	-	-	-	-	-	-	-
Cost of Sales and Services	-	167,704	-	-	1,163	97	168,964
Insurance Claims	-	-	2,545	-	-	-	2,545
Personal Services	10,745	42,304	-	2,083	567	-	55,699
Contractual Services	75,294	4,225	-	192	-	-	79,711
Supplies and Materials	3,752	1,262	-	2,893	59	-	7,966
Grants and Distributions to Localities	-	-	-	102	-	-	102
Expendable Equipment	-	302	-	9	82	-	393
Depreciation	4,499	1,325	-	48	-	-	5,872
Amortization	-	-	-	-	-	-	-
Rent, Insurance, and Other Related Charges	-	7,142	142	95	53	-	7,432
Lottery Prize Expense	421,007	-	-	-	-	-	421,007
Other	-	-	-	-	-	-	-
Total Operating Expenses	515,297	224,264	2,687	5,422	1,924	97	749,691
Operating Income (Loss)	274,985	37,782	8,533	252	(32)	(34)	321,486
Nonoperating Revenues (Expenses):							
Interest, Dividends, and Rents	11,836	395	2,242	(1)	29	-	14,501
Loss on Sale of Fixed Assets	-	-	-	-	-	-	-
Grants and Shared Revenues	-	-	-	-	-	-	-
Other	227	25	-	(6)	-	-	246
Total Nonoperating Revenues (Expenses)	12,063	420	2,242	(7)	29	-	14,747
Income (Loss) Before Transfers	287,048	38,202	10,775	245	(3)	(34)	336,233
Transfers:							
Operating Transfers In	-	20	-	-	-	-	20
Operating Transfers Out	(242)	-	(218)	-	-	-	(460)
ABC Profit	-	(26,109)	-	-	-	-	(26,109)
Appropriations Act	(294,286)	(11,350)	(5,045)	-	-	-	(310,681)
Total Transfers	(294,528)	(37,439)	(5,263)	-	-	-	(337,230)
Net Income (Loss)	(7,480)	763	5,512	245	(3)	(34)	(997)
Retained Earnings, July 1, as adjusted	12,480	8,777	13,500	764	1,026	79	36,626
Retained Earnings, June 30	$ 5,000	$ 9,540	$ 19,012	$ 1,009	$ 1,023	$ 45	$ 35,629

Enterprise-Public Benefit Corporations						Subtotal	Totals	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1991	June 30, 1990
$ 327,513	$ 39,356	$ -	$ 21,798	$ 566	$ 57,227	$ 446,460	**$ 446,460**	$ 429,117
-	5,909	-	-	-	-	5,909	**5,909**	8,543
1,666	-	85,917	-	41,207	-	128,790	**1,199,967**	854,833
1,750	2,141	-	1,359	-	714	5,964	**5,964**	4,407
330,929	47,406	85,917	23,157	41,773	57,941	587,123	**1,658,300**	1,296,900
253,727	32,027	-	15,820	-	44,216	345,790	**345,790**	334,756
17,042	10,588	59,890	-	-	-	87,520	**256,484**	237,945
-	-	-	-	-	-	-	**2,545**	3,200
7,915	5,485	13,227	550	3,470	-	30,647	**86,346**	79,130
-	-	4,432	252	41,116	545	46,345	**126,056**	83,107
-	-	2,029	-	630	-	2,659	**10,625**	10,050
-	-	-	-	-	-	-	**102**	38
-	-	143	-	26	-	169	**562**	478
652	1,040	2,895	7	706	-	5,300	**11,172**	8,471
315	790	-	-	-	-	1,105	**1,105**	857
-	-	2,573	-	1,591	-	4,164	**11,596**	11,831
-	-	-	-	-	-	-	**421,007**	252,356
3,561	5,081	-	366	-	212	9,220	**9,220**	8,819
283,212	55,011	85,189	16,995	47,539	44,973	532,919	**1,282,610**	1,031,038
47,717	(7,605)	728	6,162	(5,766)	12,968	54,204	**375,690**	265,862
-	-	-	-	-	-	-	**14,501**	8,907
-	-	-	-	(32)	-	(32)	**(32)**	-
-	-	-	426	-	-	426	**426**	337
-	-	379	(337)	-	-	42	**288**	275
-	-	379	89	(32)	-	436	**15,183**	9,519
47,717	(7,605)	1,107	6,251	(5,798)	12,968	54,640	**390,873**	275,381
-	-	-	-	-	-	-	**20**	5,000
-	-	-	-	-	(10,917)	(10,917)	**(11,377)**	(166,752)
-	-	-	-	-	-	-	**(26,109)**	(23,911)
-	-	-	-	-	(1,500)	(1,500)	**(312,181)**	(8,969)
-	-	-	-	-	(12,417)	(12,417)	**(349,647)**	(194,632)
47,717	(7,605)	1,107	6,251	(5,798)	551	42,223	**41,226**	80,749
392,328	90,294	20,081	11,467	15,614	589	530,373	**566,999**	486,250
$ 440,045	$ 82,689	$ 21,188	$ 17,718	$ 9,816	$ 1,140	$ 572,596	**$ 608,225**	$ 566,999

Combining Statement of Cash Flows
Enterprise Funds — State and Public Benefit Corporations

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Enterprise-State						Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Cash Flows from Operating Activities:							
Receipts from Sales and Services	$ 788,648	$ 262,015	$ 11,537	$ 5,523	$ 1,921	$ -	$ 1,069,644
Collections of Principal and Interest on Loans	-	-	-	-	-	-	-
Cash Payments for Loans	-	-	-	-	-	-	-
Payments to Suppliers for Goods and Services	(33,997)	(177,011)	-	(2,918)	(1,401)	(36)	(215,363)
Payments for Claims and Loss Control	-	-	(1,999)	-	-	-	(1,999)
Payments for Lottery Prizes	(315,588)	-	-	-	-	-	(315,588)
Payments to Employees	(10,683)	(42,305)	-	(2,040)	(561)	-	(55,589)
Program Grant Receipts	-	-	-	-	-	-	-
Program Grant Disbursements	-	-	-	-	-	-	-
Contractual Services	(41,858)	-	-	(202)	-	-	(42,060)
Escrow Payments Received	-	-	-	-	-	-	-
Escrow Payments Paid	-	-	-	-	-	-	-
Cash Receipts for Special Allowance	-	-	-	-	-	-	-
Payments to the Federal Government	-	-	-	-	-	-	-
Payments for Mortage Servicing Expenses	-	-	-	-	-	-	-
Receipts for Loan Origination and Guarantee Fees	-	-	-	-	-	-	-
Proceeds From Sale of Loans Receivable	-	-	-	-	-	-	-
Purchase of Default Loans	-	-	-	-	-	-	-
Default Collections	-	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	15	-	15
Net Cash Provided by (Used for) Operating Activities	386,522	42,699	9,538	363	(26)	(36)	439,060
Cash Flows from Noncapital Financing Activities:							
Payment of Principal and Interest on Bonds and Notes	-	-	-	-	-	-	-
Proceeds from Issuance of Bonds and Notes	-	-	-	-	-	-	-
Transfers from Other Funds	-	-	5,000	-	-	-	5,000
Transfers to Other Funds	(450,771)	(38,520)	(10,263)	-	-	-	(499,554)
Disbursements and Improvements for VPA	-	-	-	-	-	-	-
Advances from the Commonwealth	-	-	-	-	-	-	-
Repayments of Advances from the Commonwealth	-	(6,048)	-	(250)	-	-	(6,298)
Payments for Bond Defeasance	-	-	-	-	-	-	-
Payments of Debt Issuance Costs	-	-	-	-	-	-	-
Other Nonoperating Revenue	227	420	-	-	-	-	647
Net Cash Provided by (Used for) Noncapital Financing Activities	(450,544)	(44,148)	(5,263)	(250)	-	-	(500,205)
Cash Flows from Capital and Related Financing Activities:							
Acquisitions of Fixed Assets	(10,768)	(810)	-	(69)	-	-	(11,647)
Payment of Principal and Interest on Bonds and Notes	(4,297)	-	-	-	-	-	(4,297)
Proceeds from Sale of Bonds and Notes	6,877	-	-	-	-	-	6,877
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-	-
Repayments of Purchase Costs of Warehouse	-	(205)	-	-	-	-	(205)
Net Cash Used for Capital and Related Financing Activities	(8,188)	(1,015)	-	(69)	-	-	(9,272)
Cash Flows from Investing Activities:							
Purchase of Investments	(105,169)	-	-	-	-	-	(105,169)
Proceeds from Sales or Maturities of Investments	-	-	-	-	-	-	-
Interest on Investments	12,797	-	2,242	-	29	-	15,068
Net Cash Provided by (Used for) Investing Activities	(92,372)	-	2,242	-	29	-	(90,101)
Net Increase (Decrease) in Cash and Cash Equivalents	(164,582)	(2,464)	6,517	44	3	(36)	(160,518)
Cash and Cash Equivalents, July 1	173,096	2,771	20,098	572	670	90	197,297
Cash and Cash Equivalents, June 30	$ 8,514	$ 307	$ 26,615	$ 616	$ 673	$ 54	$ 36,779

Enterprise-Public Benefit Corporations						Subtotal	Totals	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1991	June 30, 1990
$ 10,874	$ -	$ 83,307	$ -	$ 19,460	$ -	$ 113,641	$ 1,183,285	$ 825,525
382,420	86,651	518	18,974	-	122,485	611,048	611,048	556,624
(248,028)	(64,286)	-	(71,485)	-	-	(383,799)	(383,799)	(399,380)
(3,892)	(4,531)	(61,845)	(218)	(6,822)	(721)	(78,029)	(293,392)	(290,035)
-	-	-	-	-	-	-	(1,999)	(1,327)
-	-	-	-	-	-	-	(315,588)	(228,632)
(8,794)	(5,485)	(13,227)	(538)	(3,522)	-	(31,566)	(87,155)	(78,718)
102,050	-	-	40,279	-	-	142,329	142,329	151,563
(103,421)	-	-	(135)	-	-	(103,556)	(103,556)	(98,557)
-	-	-	(269)	-	-	(269)	(42,329)	(25,022)
23,699	-	-	-	-	-	23,699	23,699	21,379
(14,422)	-	-	-	-	-	(14,422)	(14,422)	(14,936)
-	6,856	-	-	-	-	6,856	6,856	9,242
-	-	-	-	(12,280)	-	(12,280)	(12,280)	-
(7,209)	-	-	-	-	-	(7,209)	(7,209)	(6,741)
2,726	-	-	73	2,353	-	5,152	5,152	5,078
-	-	-	20,122	-	-	20,122	20,122	-
-	-	-	-	(29,400)	-	(29,400)	(29,400)	(12,838)
-	-	-	-	10,444	-	10,444	10,444	10,259
3,803	1,972	-	166	-	709	6,650	6,665	5,759
139,806	21,177	8,753	6,969	(19,767)	122,473	279,411	718,471	429,243
(433,641)	(83,658)	-	(21,692)	-	(84,855)	(623,846)	(623,846)	(597,609)
372,417	33,810	-	32,128	-	158,707	597,062	597,062	449,718
-	-	-	-	-	-	-	5,000	4,757
-	-	-	-	-	(42,754)	(42,754)	(542,308)	(207,849)
-	-	(7,074)	-	-	-	(7,074)	(7,074)	(4,886)
-	-	-	-	-	-	-	-	6,524
-	-	-	-	-	-	-	(6,298)	-
-	-	-	(19,024)	-	-	(19,024)	(19,024)	-
(2,088)	(124)	-	-	-	(325)	(2,537)	(2,537)	(4,382)
-	-	-	-	-	-	-	647	282
(63,312)	(49,972)	(7,074)	(8,588)	-	30,773	(98,173)	(598,378)	(353,445)
(497)	(2,322)	(5,411)	(18)	(981)	-	(9,229)	(20,876)	(13,064)
(1,795)	(537)	-	1	(559)	-	(2,890)	(7,187)	(5,353)
-	-	-	-	-	-	-	6,877	1,478
-	-	-	-	5	-	5	5	1,813
-	-	-	-	-	-	-	(205)	(273)
(2,292)	(2,859)	(5,411)	(17)	(1,535)	-	(12,114)	(21,386)	(15,399)
(907,871)	(38,940)	-	(27,815)	-	(153,198)	(1,127,824)	(1,232,993)	(734,695)
754,991	11,830	684	30,725	11,930	1,005	811,165	811,165	600,912
83,428	11,387	-	5,529	801	124	101,269	116,337	111,161
(69,452)	(15,723)	684	8,439	12,731	(152,069)	(215,390)	(305,491)	(22,622)
4,750	(47,377)	(3,048)	6,803	(8,571)	1,177	(46,266)	(206,784)	37,777
308,980	161,737	4,887	31,934	3,680	27,650	538,868	736,165	698,388
$ 313,730	$ 114,360	$ 1,839	$ 38,737	$ (4,891)	$ 28,827	$ 492,602	$ 529,381	$ 736,165

(Continued on next page)

Combining Statement of Cash Flows
Enterprise Funds — State and Public Benefit Corporations

(Continued from Previous Page)

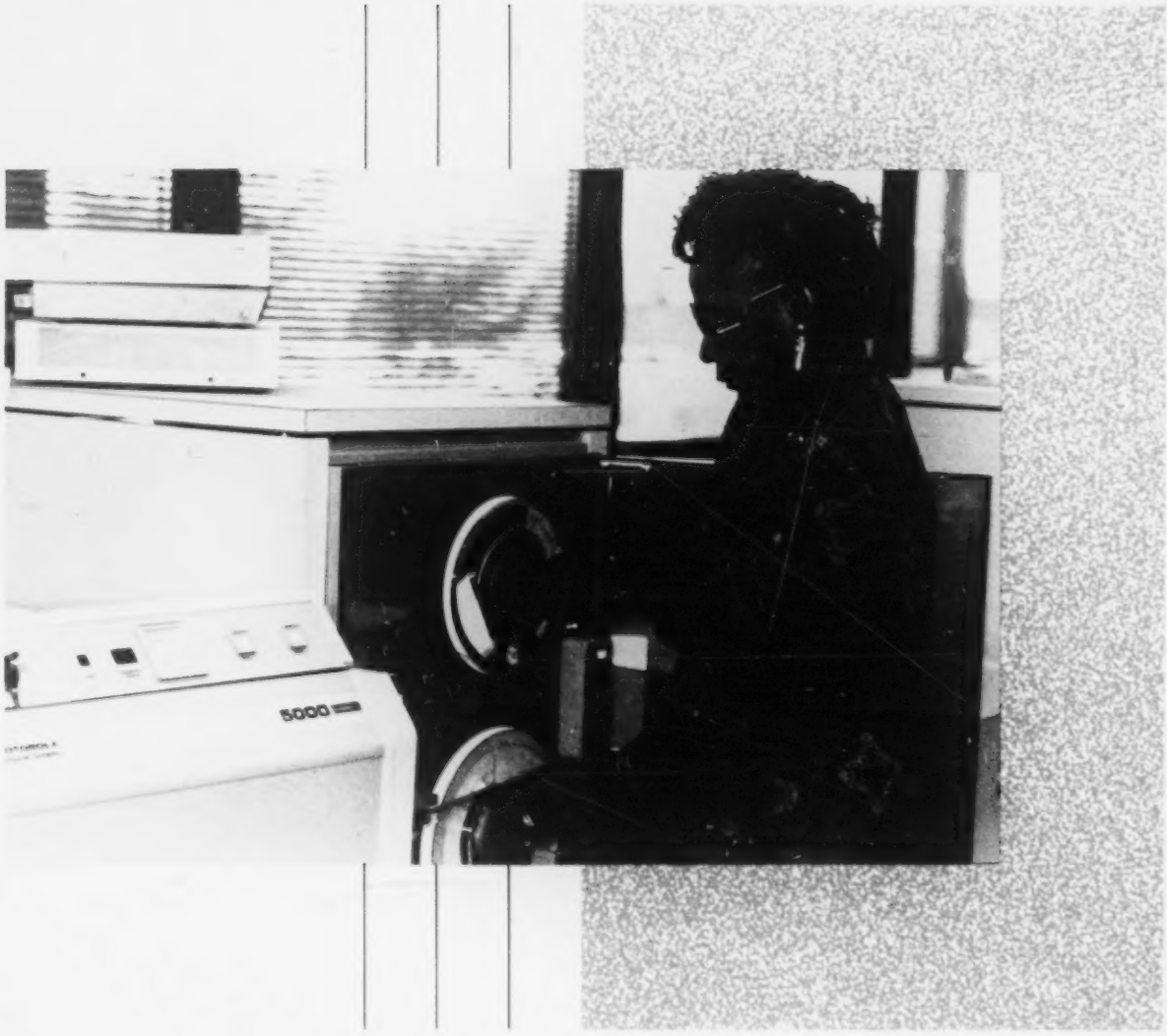
For the Fiscal Year Ended June 30, 1991

(Dollars in Thousands)

	Enterprise-State						Subtotal
	State Lottery Department	Department of Alcoholic Beverage Control	Risk Management	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Division of Legislative Services	
Reconciliation of Operating Income To Net Cash Provided by Operating Activities:							
Operating Income (Loss)	$ 274,985	$ 37,782	$ 8,533	$ 252	$ (32)	$ (34)	$ 321,486
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization	4,499	1,325	-	48	-	-	5,872
Interest on Bonds and Notes	-	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	-	-
Receipts on VPSA Loans	-	-	-	-	-	-	-
Net Funds Applied Against Amounts Due to the Federal Government	-	-	-	-	-	-	-
Other Expenses	-	44	-	-	-	-	44
Gain on Sale of Inventory	-	-	-	-	-	-	-
Change in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	(4,002)	(13)	(3)	(121)	29	-	(4,110)
(Increase) Decrease in Inventory	(267)	(4,595)	-	157	(10)	-	(4,715)
(Increase) Decrease in Restricted Assets	-	-	-	-	-	-	-
(Increase) Decrease in Prepaid Expenses	(1,501)	(2)	(4)	(2)	-	-	(1,509)
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	5,137	8,480	145	20	(18)	(2)	13,762
Increase (Decrease) in Prizes Payable	105,242	-	-	-	-	-	105,242
Increase (Decrease) in Claims Payable	-	-	763	-	-	-	763
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	-	-
Increase (Decrease) in Deferred Revenue	2,367	(17)	104	-	-	-	2,454
Increase (Decrease) in Capital Lease Obligations	-	-	-	-	-	-	-
Increase (Decrease) in Due to Program Participants	-	-	-	-	-	-	-
Increase (Decrease) in Compensated Absences	62	(305)	-	9	5	-	(229)
Increase (Decrease) in Contributed Capital	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	$ 386,522	$ 42,699	$ 9,538	$ 363	$ (26)	$ (36)	$ 439,060
Reconciliation of Cash, Cash Equivalents and Investments:							
Per the Balance Sheet:							
Cash, Cash Equivalents, and Investments	$ 133,844	$ 187	$ 26,565	$ 615	$ 668	$ 54	$ 161,933
Petty Cash and Travel Advances	5	120	50	1	5	-	181
Less: Investments with Original Maturities Greater than Three Months	125,335	-	-	-	-	-	125,335
Cash and Cash Equivalents per the Statement of Cash Flows	$ 8,514	$ 307	$ 26,615	$ 616	$ 673	$ 54	$ 36,779
Noncash Investing, Capital, and Financing Activities:							
The following transactions occurred prior to the balance sheet date:							
Increase in Other Real Estate Owned as a Result of Loan Foreclosures	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans Charged Off	-	-	-	-	-	-	-
Trade-ins of Used Equipment on New Equipment	-	-	-	-	-	-	-
Transfer of Literary Fund Loan Notes	-	-	-	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Enterprise-Public Benefit Corporations						Subtotal	Total	
Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public School Authority		June 30, 1991	June 30, 1990
$ 47,717	$ (7,605)	$ 728	$ 6,162	$ (5,766)	$ 12,968	$ 54,204	**$ 375,690**	$ 267,870
224	1,830	2,895	(797)	706	-	4,858	**10,730**	8,176
253,727	31,969	-	15,820	-	41,132	342,648	**342,648**	331,799
(82,031)	(11,823)	-	(5,861)	(566)	(124)	(100,405)	**(100,405)**	(100,944)
-	-	-	-	-	67,361	67,361	**67,361**	22,016
-	-	-	-	(6,523)	-	(6,523)	**(6,523)**	(6,775)
(69)	-	7,102	-	-	-	7,033	**7,077**	(739)
-	-	-	-	-	-	-	**-**	(127)
(89,813)	6,198	(2,535)	(48,441)	(8,544)	(1,972)	(145,107)	**(149,217)**	(172,999)
628	-	(125)	-	-	-	503	**(4,212)**	(2,421)
-	-	(79)	-	-	-	(79)	**(79)**	(70)
-	(226)	(310)	3	(125)	-	(658)	**(2,167)**	(290)
837	834	738	444	467	3,108	6,428	**20,190**	9,289
-	-	-	-	-	-	-	**105,242**	23,693
-	-	-	-	-	-	-	**763**	-
-	-	-	-	-	-	-	**-**	(2,756)
-	-	-	21	560	-	581	**3,035**	(826)
-	-	-	-	-	-	-	**-**	(122)
8,463	-	201	-	-	-	8,664	**8,664**	19,897
123	-	138	-	24	-	285	**56**	127
-	-	-	39,618	-	-	39,618	**39,618**	34,445
$ 139,806	$ 21,177	$ 8,753	$ 6,969	$ (19,767)	$ 122,473	$ 279,411	**$ 718,471**	$ 429,243
$ 1,178,756	$ 164,917	$ 4,293	$ 84,082	$ 5,754	$ 720,424	$ 2,158,226	**$ 2,320,159**	$ 2,145,976
-	-	-	-	-	-	-	**181**	181
865,026	50,557	2,454	45,345	10,645	691,597	1,665,624	**1,790,959**	1,409,992
$ 313,730	$ 114,360	$ 1,839	$ 38,737	$ (4,891)	$ 28,827	$ 492,602	**$ 529,381**	$ 736,165
$ 11,580	$ -	$ -	$ -	$ -	$ -	$ 11,580	**$ 11,580**	
-	11,763	-	-	-	-	11,763	**11,763**	
-	-	31	-	-	-	31	**31**	
-	-	-	-	-	37,049	37,049	**37,049**	
$ 11,580	$ 11,763	$ 31	$ -	$ -	$ 37,049	$ 60,423	**$ 60,423**	

Debt setoff programs use sophisticated computer technology to ensure that the Commonwealth does not disburse money to individuals and businesses who are past due in their payments to the State.



Internal Service Funds

Internal Service Funds account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Department of Information Technology accounts for the installation and maintenance of the State government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Bureau of Industrial Enterprises accounts for the manufacturing activities of the State's correctional facilities.

Health Care accounts for the health insurance programs provided to State employees.

Division of Fleet Management accounts for the Commonwealth's motor vehicle pool.

State Surplus Property accounts for the transfer and sale of State-owned surplus property.

Federal Surplus Property accounts for the transfer and sale of federally owned surplus property.

Maintenance and Repair accounts for services outside the scope of normal maintenance or custodial services provided to agencies by the Bureau of Facilities Management.

Central Warehouse accounts for supplies purchased for and used by State agencies.

Office of Graphic Communications accounts for the Commonwealth's graphic design division.

Risk Management accounts for the insurance programs provided to State agencies and institutions.

Analysis

Operating revenues for the Internal Service Funds remained relatively constant over the prior fiscal year; however, operating expenses decreased $60 million, or 11%. This resulted in an increase in total operating income of $48.2 million, or 285%. The decrease in operating expenses was primarily the result of reduced claims activity in the Health Care and Risk Management self-insurance funds. Total actual and incurred but not reported insurance claims expense decreased by $62.3 million, or 15%.

Total assets for the Internal Service Fund increased $52.1 million or 29%. This increase reflects the operating income impact on cash reserves which increased $38.8 million, or 70% in the Health Care self-insurance fund. This favorable reserve balance increase supports the General Assembly's goal to build sufficient reserves in the self-insured funds.

Total accounts receivable decreased $5.9 million, or 29% , over fiscal year 1990. This favorable change is the result of increased agency collection efforts, particularly at the Bureau of Industrial Enterprises which decreased accounts receivable by $2.4 million, or 56%.

Accounts payable decreased by $3.3 million, or 30%, over fiscal year 1990. This decrease reflects the agencies' increased efficiencies in their disbursement systems, particularly at the Department of Information Technology, which decreased payables by $2.1 million, or 34%.

Combining Balance Sheet
Internal Service Funds

June 30, 1991
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Fleet Management	State Surplus Property
Assets					
Cash, Equivalents, and Investments	$ 1,867	$ 4,225	$ 94,442	$ 176	$ 98
Petty Cash and Travel Advances	26	5	-	-	1
Taxes, Loans, Accounts, and Other Receivables (Net)	9,411	1,835	-	1,231	58
Due from Other Funds	-	-	-	-	-
Inventory	-	5,054	-	-	-
Prepaid Expenses	169	-	-	-	-
Property, Plant, and Equipment (Net)	7,969	5,415	-	12,228	68
Total Assets	$ 19,442	$ 16,534	$ 94,442	$ 13,635	$ 225
Liabilities and Equity					
Liabilities:					
Accounts Payable	$ 4,018	$ 366	$ -	$ 92	$ 10
Claims Payable	-	-	52,268	-	-
Notes Payable	1,990	587	-	-	-
Other Liabilities	2	108	-	-	-
Due to Other Funds	2,819	-	-	-	-
Loans Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Accrued Liability for Compensated Absences	1,769	506	-	60	29
Total Liabilities	10,598	1,567	52,268	152	39
Equity:					
Contributed Capital	-	5,676	-	-	-
Retained Earnings	8,844	9,291	42,174	13,483	186
Total Equity	8,844	14,967	42,174	13,483	186
Total Liabilities and Equity	$ 19,442	$ 16,534	$ 94,442	$ 13,635	$ 225

Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1991	Totals June 30, 1990
$ 299	$ 802	$ 1,374	$ 27	$ 70,598	**$ 173,908**	$ 122,081
1	-	-	-	25	**58**	58
55	182	1,838	37	2	**14,649**	20,588
-	-	-	-	5,000	**5,000**	2,654
-	-	2,870	-	-	**7,924**	9,712
-	1	-	-	5,554	**5,724**	5,251
514	-	809	2	42	**27,047**	21,854
$ 869	$ 985	$ 6,891	$ 66	$ 81,221	**$ 234,310**	$ 182,198
$ 24	$ 124	$ 132	$ 5	$ 3,222	**$ 7,993**	$ 11,313
-	-	-	-	63,929	**116,197**	96,063
-	-	-	-	-	**2,577**	3,072
1	398	-	1	-	**510**	249
-	-	-	-	-	**2,819**	-
-	-	400	22	6,667	**7,089**	7,497
-	160	-	-	7,361	**7,521**	4,230
40	-	98	15	42	**2,559**	2,360
65	682	630	43	81,221	**147,265**	124,784
-	-	-	-	-	**5,676**	5,676
804	303	6,261	23	-	**81,369**	51,738
804	303	6,261	23	-	**87,045**	57,414
$ 869	$ 985	$ 6,891	$ 66	$ 81,221	**$ 234,310**	$ 182,198

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings Internal Service Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Fleet Management	State Surplus Property
Operating Revenues:					
Charges for Sales and Services	$ 69,433	$ 19,908	$ 340,350	$ 8,615	$ 577
Other	-	43	-	3	1
Total Operating Revenues	69,433	19,951	340,350	8,618	578
Operating Expenses:					
Cost of Sales and Services	-	16,431	-	-	-
Insurance Claims	-	-	299,652	-	-
Personal Services	21,417	3,085	-	787	278
Contractual Services	37,510	1,718	9,396	1,794	141
Supplies and Materials	325	282	-	1,962	27
Grants and Distributions to Localities	-	-	-	-	-
Expendable Equipment	101	84	-	11	1
Depreciation	5,196	248	-	2,966	25
Rent, Insurance, and Other Related Charges	4,684	542	-	639	89
Other	11	9	-	8	1
Total Operating Expenses	69,244	22,399	309,048	8,167	562
Operating Income (Loss)	189	(2,448)	31,302	451	16
Nonoperating Revenues (Expenses):					
Interest, Dividends, and Rents	-	-	-	-	-
Loss on Sale of Fixed Assets	-	(65)	-	(210)	-
Other	(190)	(55)	-	-	-
Total Nonoperating Revenues (Expenses)	(190)	(120)	-	(210)	-
Income (Loss) Before Transfers	(1)	(2,568)	31,302	241	16
Transfers:					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Appropriations Act	-	(100)	-	-	-
Total Transfers	-	(100)	-	-	-
Net Income (Loss)	(1)	(2,668)	31,302	241	16
Retained Earnings, July 1	8,845	11,959	10,872	13,242	170
Retained Earnings, June 30	$ 8,844	$ 9,291	$ 42,174	$ 13,483	$ 186

Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1991	Totals June 30, 1990
$ 634	$ 4,009	$ 35,563	$ 312	$ 51,661	**$ 531,062**	$ 538,297
30	-	11	-	-	**88**	4,657
664	4,009	35,574	312	51,661	**531,150**	542,954
-	-	32,467	-	-	**48,898**	51,945
-	-	-	-	49,354	**349,006**	411,280
456	-	1,036	232	642	**27,933**	26,651
51	2,151	1,073	64	74	**53,972**	50,618
31	267	46	5	3	**2,948**	3,093
1	-	7	-	-	**8**	12
-	14	5	1	17	**234**	263
26	-	68	2	11	**8,542**	8,978
75	1,245	181	22	510	**7,987**	6,702
1	248	3	-	-	**281**	308
641	3,925	34,886	326	50,611	**499,809**	559,850
23	84	688	(14)	1,050	**31,341**	(16,896)
-	-	-	-	5,413	**5,413**	4,060
-	-	(6)	-	-	**(281)**	(1,601)
-	-	8	-	-	**(237)**	(105)
-	-	2	-	5,413	**4,895**	2,354
23	84	690	(14)	6,463	**36,236**	(14,542)
-	-	-	-	204	**204**	1,500
-	-	-	-	-	**-**	(385)
-	-	(42)	-	(6,667)	**(6,809)**	3,401
-	-	(42)	-	(6,463)	**(6,605)**	4,516
23	84	648	(14)	-	**29,631**	(10,026)
781	219	5,613	37	-	**51,738**	61,764
$ 804	$ 303	$ 6,261	$ 23	$ -	**$ 81,369**	$ 51,738

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Fleet Management
Cash Flows from Operating Activities:				
Receipts for Sales and Services	$ 69,975	$ 22,469	$ 345,351	$ 8,750
Payments to Suppliers for Goods and Services	(45,645)	(14,628)	-	(5,119)
Payments for Claims and Loss Control	-	-	(297,109)	-
Payments to Employees	(21,291)	(6,795)	-	(787)
Payments to Insurance Companies	-	-	-	-
Cash Advanced to Third Parties	-	-	-	-
Other Operating Revenue	-	7	(9,396)	-
Net Cash Provided by Operating Activities	3,039	1,053	38,846	2,844
Cash Flows for Noncapital Financing Activities:				
Transfers to Other Funds	-	(100)	-	-
Advances from the Commonwealth	2,819	-	-	-
Other Nonoperating Revenue	-	46	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	2,819	(54)	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(7,055)	(3,735)	-	(3,905)
Payment of Principal and Interest on Bonds and Notes	(1,272)	-	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	-
Proceeds from Sale of Fixed Assets	1,132	-	-	199
Net Cash Used for Capital and Related Financing Activities	(7,195)	(3,735)	-	(3,706)
Cash Flows from Investing Activities:				
Interest on Investments	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,337)	(2,736)	38,846	(862)
Cash and Cash Equivalents, July 1	3,230	6,966	55,596	1,038
Cash and Cash Equivalents, June 30	$ 1,893	$ 4,230	$ 94,442	$ 176

State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1991	Totals June 30, 1990
$ 540	$ 616	$ 4,643	$ 35,921	$ 323	$ 54,808	$ 543,396	$ 533,692
(257)	(151)	(3,989)	(33,104)	(93)	(157)	(103,142)	(105,746)
-	-	-	-	-	(27,612)	(324,721)	(367,747)
(276)	(454)	-	(1,027)	(230)	(631)	(31,491)	(30,390)
-	-	-	-	-	(4,389)	(4,389)	(10,260)
-	-	-	-	-	-	-	(550)
-	30	-	-	-	-	(9,359)	2,821
7	41	655	1,790	-	22,019	70,294	21,820
-	-	-	(42)	-	(11,463)	(11,605)	(687)
-	-	-	(400)	(8)	-	2,411	(2,357)
-	-	-	-	-	-	46	23
-	-	-	(442)	(8)	(11,463)	(9,148)	(3,021)
(21)	(1)	-	(75)	-	(7)	(14,799)	(10,679)
-	-	-	-	-	-	(1,272)	(2,217)
-	-	-	-	-	-	-	3,415
-	-	-	8	-	-	1,339	1,125
(21)	(1)	-	(67)	-	(7)	(14,732)	(8,356)
-	-	-	-	-	5,413	5,413	4,040
(14)	40	655	1,281	(8)	15,962	51,827	14,483
113	260	147	93	35	42,791	110,269	95,786
$ 99	$ 300	$ 802	$ 1,374	$ 27	$ 58,753	$ 162,096	$ 110,269

(Continued on Next Page)

Combining Statement of Cash Flows
Internal Service Funds *(Continued from Previous Page)*

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Information Technology	Industrial Enterprises	Health Care	Fleet Management
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 189	$ (2,448)	$ 31,302	$ 451
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	5,196	1,229	-	2,966
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	557	2,371	2,347	67
(Increase) Decrease in Due from Other Funds	-	-	2,654	-
(Increase) Decrease in Inventory	-	1,013	-	-
(Increase) Decrease in Prepaid Expenses	21	-	-	-
Increase (Decrease) in Accounts Payable, Deposits, and Other Liabilities	(3,035)	(1,160)	-	(646)
Increase (Decrease) in Claims Payable	-	-	2,543	-
Increase (Decrease) in Deferred Revenue	(16)	-	-	-
Increase (Decrease) in Compensated Absences	127	48	-	6
Net Cash Provided by Operating Activities	$ 3,039	$ 1,053	$ 38,846	$ 2,844
Reconciliation of Cash, Cash Equivalents, and Investments:				
Per the Balance Sheet:				
Cash, Cash Equivalents, and Investments	$ 1,867	$ 4,225	$ 94,442	$ 176
Petty Cash and Travel Advances	26	5	-	-
Less: Investments with Original Maturities Greater than Three Months	-	-	-	-
Cash and Cash Equivalents per the Statement of Cash Flows	$ 1,893	$ 4,230	$ 94,442	$ 176

State Surplus Property	Federal Surplus Property	Maintenance and Repair	Central Warehouse	Graphic Communications	Risk Management	Totals June 30, 1991	Totals June 30, 1990
$ 16	$ 23	$ 84	$ 688	$ (14)	$ 1,050	**$ 31,341**	$ (16,896)
25	26	-	68	2	11	**9,523**	9,628
(37)	(19)	272	366	11	5	**5,940**	(7,740)
-	-	-	-	-	-	**2,654**	(2,654)
-	-	-	775	-	-	**1,788**	(320)
-	-	(1)	-	-	(493)	**(473)**	(583)
2	14	140	(116)	-	698	**(4,103)**	2,559
-	-	-	-	-	17,591	**20,134**	33,916
-	-	160	-	-	3,147	**3,291**	3,805
1	(3)	-	9	1	10	**199**	105
$ 7	$ 41	$ 655	$ 1,790	$ -	$ 22,019	**$ 70,294**	$ 21,820
$ 98	$ 299	$ 802	$ 1,374	$ 27	$ 70,598	**$ 173,908**	$ 122,081
1	1	-	-	-	25	**58**	58
-	-	-	-	-	11,870	**11,870**	11,870
$ 99	$ 300	$ 802	$ 1,374	$ 27	$ 58,753	**$ 162,096**	$ 110,269

Trust and Agency Funds

Pension Trust Funds

Pension Trust Funds reflect the activities of the retirement systems administered by the Virginia Retirement System (VRS) for the Commonwealth.

The Virginia Retirement System provides retirement benefits to Commonwealth employees and teachers.

The State Police Officers' Retirement System provides retirement benefits to Virginia State police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Pooled Assets Fund accounts for all investment activities of VRS.

The Administration Fund reflects transactions related to the administration and trust fund management activities of VRS.

Nonexpendable Trust Fund

A Nonexpendable Trust Fund is one whose principal must remain intact.

The Virginia Museum Nonexpendable Trust Fund (Virginia Museum of Fine Arts) supports the expendable trusts at the Virginia Museum by transferring investment income to these trusts.

Expendable Trust Funds

Expendable Trust Funds are those whose principal and income may be expended in the course of their designated operations.

Examples of expendable trust funds are funds used for educational programs at museums, funds held per the Contractor Transaction Recovery Act, and unemployment funds. The unemployment compensation payroll taxes account for 56% of the revenue and 54% of assets in the Expendable Trust Funds. Another large portion of the Expendable Trust Funds is the group life insurance and the retiree health care credit contributions, which account for 29% of revenues and 40% of assets in the Expendable Trust funds.

Analysis

The financial statements indicate the strong financial condition of the Pension Trust Funds. The results of the latest actuarial determination as of June 30, 1990, indicate that available assets were sufficient to fund 73.8% of the Commonwealth's pension benefit obligation relating to VRS, 64.1% relating to SPORS, and 47.6% relating to JRS. In the opinion of the Systems' actuary, the three Systems are operating on an actuarially sound basis. Additionally, the rate of return on investments of the Pension Trust Funds was 10.3% for fiscal year 1991. The administrative costs in the pension funds were efficiently managed as is displayed on the Statement of Revenues, Expenses and Changes in Fund Balance. Expenses were only 26% of revenues, including retirement benefits of 24% and other expenses of only 2%.

Agency Funds

Agency Funds report those funds for which the State acts solely in a custodial capacity. A description of the funds is presented below.

Funds for the Collections of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Deferred Compensation Fund accounts for employee earnings invested by VRS, pursuant to the Government Employees Deferred Compensation Act.

Mined Land Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies to ensure reclamation of mined lands.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth.

Local Government Investment Pool Fund accounts for investments held by the Commonwealth on behalf of local governments.

Inmate and Ward Trust Fund (Departments of Corrections and Youth and Family Services) accounts for the savings of inmates and wards.

Child Support Collections Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Miscellaneous Funds include: the Comptroller's Debt Setoff fund, which accounts for monies withheld from vendors to offset debts owed the Commonwealth by those vendors. Also included are the Federal Aviation Fund, which accounts for federal monies received by the Commonwealth to reimburse localities for the expansion and improvement of airport systems; the Legal Settlement Fund, which accounts for receipts from court judgments which are deposited and subsequently distributed to the appropriate injured parties; and the Local Port Improvement Fund, which accounts for funds used to improve the harbors and docks of local ports throughout the Commonwealth.

Combining Balance Sheet
All Trust and Agency Funds

June 30, 1991
(Dollars in Thousands)

	Pension Trust Funds					
	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Fund	Administration Fund	Total Pension Trust Funds
Assets						
Cash, Cash Equivalents, and Investments	$ -	$ -	$ -	$ 11,638,679	$ 2,891	$ 11,641,570
Petty Cash and Travel Advances	-	-	-	-	-	-
Taxes, Loans, Accounts, and Other Receivables (Net)	32,688	-	-	380,267	80	413,035
Due from Other Funds	66	-	-	-	-	66
Inventory	-	-	-	-	-	-
Property, Plant, and Equipment (Net)	-	-	-	-	679	679
Equity Pooled Resources	11,132,373	143,199	85,137	(11,861,005)	-	(500,296)
Total Assets	$ 11,165,127	$ 143,199	$ 85,137	$ 157,941	$ 3,650	$ 11,555,054
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ 44,478	$ 444	$ 738	$ 11,649	$ 377	$ 57,686
Amounts Due to Other Governments	-	-	-	-	-	-
Deposits Pending Distribution	-	-	-	-	-	-
Other Liabilities	-	-	-	146,292	665	146,957
Due to Other Funds	-	24	27	-	2,198	2,249
Deferred Revenue	-	-	-	-	-	-
Due to Program Participants, Escrows, and Providers	-	-	-	-	-	-
Accrued Liability for Compensated Absences	-	-	-	-	410	410
Total Liabilities	44,478	468	765	157,941	3,650	207,302
Fund Equity:						
Fund Balance:						
Member Reserve for Pension Benefits	1,985,455	29,826	11,827	-	-	2,027,108
Employer Reserve for Pension Benefits	9,135,194	112,905	72,545	-	-	9,320,644
Reserved Gifts, Grants, and Contracts	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-
Total Fund Equity	11,120,649	142,731	84,372	-	-	11,347,752
Total Liabilities and Fund Equity	$ 11,165,127	$ 143,199	$ 85,137	$ 157,941	$ 3,650	$ 11,555,054

Nonexpendable Trust Fund	Expendable Trust Funds	Agency Funds	Totals	
Virginia Museum of Fine Arts			June 30, 1991	June 30, 1990
$ 3,170	$ 706,926	$ 749,419	**$ 13,101,085**	$ 11,721,697
-	12	-	**12**	17
-	44,829	41,814	**499,678**	362,860
-	2,206	3,914	**6,186**	9,558
-	788	-	**788**	722
-	20	-	**699**	10,007
-	500,296	-	-	-
$ 3,170	$ 1,255,077	$ 795,147	**$ 13,608,448**	$ 12,104,861
$ -	$ 39,524	$ 99,209	**$ 196,419**	$ 162,930
-	-	475,528	**475,528**	341,781
-	5,053	10,538	**15,591**	10,006
-	235	2,434	**149,626**	94,114
-	138	-	**2,387**	9,559
-	1,013	-	**1,013**	1,466
-	-	207,438	**207,438**	191,505
-	133	-	**543**	427
-	46,096	795,147	**1,048,545**	811,788
-	-	-	**2,027,108**	1,719,656
-	-	-	**9,320,644**	8,301,903
3,170	-	-	**3,170**	2,452
-	1,208,981	-	**1,208,981**	1,269,062
3,170	1,208,981	-	**12,559,903**	11,293,073
$ 3,170	$ 1,255,077	$ 795,147	**$ 13,608,448**	$ 12,104,861

Combining Statement of Revenues, Expenses, and Changes in Fund Balances Pension Trust Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Fund	Administration Fund	Totals June 30, 1991	Totals June 30, 1990
Operating Revenues:							
Interest, Dividends, and Rents	$ -	$ -	$ -	$ 756,378	$ -	**$ 756,378**	$ 732,634
Contributions	739,775	8,871	10,086	-	-	**758,732**	873,959
Net Gain on Sale of Investments	-	-	-	336,347	-	**336,347**	138,225
Other	-	-	-	-	37	**37**	57
Total Operating Revenues	739,775	8,871	10,086	1,092,725	37	**1,851,494**	1,744,875
Operating Expenses:							
Retirement Benefits	426,068	4,869	8,264	-	-	**439,201**	390,113
Refunds to Former Members	33,429	91	-	-	-	**33,520**	31,670
Personal Services	-	-	-	-	5,107	**5,107**	5,199
Contractual Services	-	-	-	-	3,249	**3,249**	3,015
Supplies and Materials	-	-	-	-	134	**134**	136
Expendable Equipment	-	-	-	-	11	**11**	64
Depreciation	-	-	-	-	190	**190**	181
Rent, Insurance, and Other Related Charges	-	-	-	-	948	**948**	868
Other	26	-	-	-	152	**178**	50
Total Operating Expenses	459,523	4,960	8,264	-	9,791	**482,538**	431,296
Operating Income (Loss)	280,252	3,911	1,822	1,092,725	(9,754)	**1,368,956**	1,313,579
Nonoperating Revenues (Expenses):							
Interest, Dividends, and Rents	2	-	-	-	-	**2**	9
Income (Loss) Before Transfers	280,254	3,911	1,822	1,092,725	(9,754)	**1,368,958**	1,313,588
Transfers:							
Operating Transfers In	1,027,733	13,177	7,800	-	8,505	**1,057,215**	880,159
Operating Transfers Out	(8,313)	(120)	(71)	(1,092,725)	-	**(1,101,229)**	(880,159)
Total Transfers	1,019,420	13,057	7,729	(1,092,725)	8,505	**(44,014)**	-
Net Income (Loss)	1,299,674	16,968	9,551	-	(1,249)	**1,324,944**	1,313,588
Fund Balance, July 1	9,820,975	125,763	74,821	-	1,249	**10,022,808**	8,709,220
Fund Balance, June 30	$ 11,120,649	$ 142,731	$ 84,372	$ -	$ -	**$ 11,347,752**	$ 10,022,808

Agencies and institutions use electronic means to submit vendor payments, travel reimbursement requests, and other financial transactions to the Commonwealth Accounting and Reporting System.

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

	Balance July 1, 1990	Additions	Deletions	Balance June 30, 1991
Funds for the Collection of Taxes and Fees				
Assets:				
Cash, Cash Equivalents, and Investments	$ 51,335	$ 534,969	$ 532,240	$ 54,064
Taxes, Loans, Accounts, and Other Receivables (Net)	42,498	39,117	42,498	39,117
Total Assets	$ 93,833	$ 574,086	$ 574,738	$ 93,181
Liabilities:				
Amounts Due to Other Governments	$ 93,579	$ 565,375	$ 566,376	$ 92,578
Other Liabilities	254	8,711	8,362	603
Total Liabilities	$ 93,833	$ 574,086	$ 574,738	$ 93,181
Employee Benefits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 2,422	$ 259,424	$ 251,494	$ 10,352
Taxes, Loans, Accounts, and Other Receivables (Net)	7	-	7	-
Total Assets	$ 2,429	$ 259,424	$ 251,501	$ 10,352
Liabilities:				
Accounts Payable	$ 2,429	$ 251,605	$ 251,501	$ 2,533
Due to Program Participants, Escrows, and Providers	-	7,819	-	7,819
Total Liabilities	$ 2,429	$ 259,424	$ 251,501	$ 10,352
Deferred Compensation Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 82,939	$ 23,887	$ 10,310	$ 96,516
Total Assets	$ 82,939	$ 23,887	$ 10,310	$ 96,516
Liabilities:				
Accounts Payable	$ 82,939	$ 23,887	$ 10,310	$ 96,516
Total Liabilities	$ 82,939	$ 23,887	$ 10,310	$ 96,516
Mined Land Deposits Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 7,504	$ 404	$ 114	$ 7,794
Total Assets	$ 7,504	$ 404	$ 114	$ 7,794
Liabilities:				
Deposits Pending Distribution	$ 7,504	$ 404	$ 114	$ 7,794
Total Liabilities	$ 7,504	$ 404	$ 114	$ 7,794
Deposits of Insurance Carriers Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 181,174	$ 72,473	$ 68,578	$ 185,069
Total Assets	$ 181,174	$ 72,473	$ 68,578	$ 185,069
Liabilities:				
Due to Program Participants, Escrows, and Providers	$ 181,174	$ 72,473	$ 68,578	$ 185,069
Total Liabilities	$ 181,174	$ 72,473	$ 68,578	$ 185,069
Local Government Investment Pool Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 247,058	$ 790,551	$ 656,164	$ 381,445
Taxes, Loans, Accounts, and Other Receivables (Net)	1,097	1,468	1,097	1,468
Total Assets	$ 248,155	$ 792,019	$ 657,261	$ 382,913
Liabilities:				
Amounts Due to Other Governments	$ 248,155	$ 792,019	$ 657,261	$ 382,913
Total Liabilities	$ 248,155	$ 792,019	$ 657,261	$ 382,913

	Balance July 1, 1990	Additions	Deletions	Balance June 30, 1991
Inmate/Ward Trust Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 1,308	$ 261	$ 9	$ 1,560
Taxes, Loans, Accounts, and Other Receivables (Net)	653	431	653	431
Total Assets	$ 1,961	$ 692	$ 662	$ 1,991
Liabilities:				
Accounts Payable	$ 220	$ 160	$ 220	$ 160
Other Liabilities	1,741	90	-	1,831
Total Liabilities	$ 1,961	$ 250	$ 220	$ 1,991
Child Support Collections Fund				
Assets:				
Cash, Cash Equivalents, and Investments	$ 6,413	$ 138,514	$ 134,291	$ 10,636
Due from Other Funds	8,297	3,914	8,297	3,914
Total Assets	$ 14,710	$ 142,428	$ 142,588	$ 14,550
Liabilities:				
Due to Other Funds	$ 6,905	$ -	$ 6,905	$ -
Due to Program Participants, Escrows, and Providers	7,805	142,428	135,683	14,550
Total Liabilities	$ 14,710	$ 142,428	$ 142,588	$ 14,550
Miscellaneous				
Assets:				
Cash, Cash Equivalents, and Investments	$ 555	$ 1,643	$ 215	$ 1,983
Taxes, Loans, Accounts, and Other Receivables (Net)	801	798	801	798
Total Assets	$ 1,356	$ 2,441	$ 1,016	$ 2,781
Liabilities:				
Amounts Due to Other Governments	$ 47	$ 37	$ 47	$ 37
Deposits Pending Distribution	1,309	2,404	969	2,744
Total Liabilities	$ 1,356	$ 2,441	$ 1,016	$ 2,781
Totals-All Agency Funds				
Assets:				
Cash, Cash Equivalents, and Investments	$ 580,708	$ 1,822,126	$ 1,653,415	$ 749,419
Taxes, Loans, Accounts, and Other Receivables (Net)	45,056	41,814	45,056	41,814
Due from Other Funds	8,297	3,914	8,297	3,914
Total Assets	$ 634,061	$ 1,867,854	$ 1,706,768	$ 795,147
Liabilities:				
Accounts Payable	$ 85,588	$ 275,652	$ 262,031	$ 99,209
Amounts Due to Other Governments	341,781	1,357,431	1,223,684	475,528
Deposits Pending Distribution	8,813	2,808	1,083	10,538
Other Liabilities	1,995	8,801	8,362	2,434
Due to Other Funds	6,905	-	6,905	-
Due to Program Participants, Escrows, and Providers	188,979	222,720	204,261	207,438
Total Liabilities	$ 634,061	$ 1,867,412	$ 1,706,326	$ 795,147

General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for the land, buildings, improvements, and equipment of the governmental funds. Fixed assets of the proprietary fund types and similar trust funds and the Higher Education Fund are accounted for within those funds.

Analysis

General Fixed Assets increased $186.7 million, or 9%, over the June 30, 1990 balance. This marginal increase demonstrates the effects of recent budget reductions on agency equipment acquisition. Construction in Progress decreased $104.6 million as the Greensville and Kean Mountain correctional facilities were completed. The $209.2 million increase in Buildings is primarily the result of the correctional facilities transfer from Construction in Progress, as well as additional costs associated with the completion of these facilities.

Schedule of General Fixed Assets by Source

June 30, 1991
(Dollars in Thousands)

General Fixed Assets:

Land	$ 248,537
Buildings	993,926
Equipment	724,676
Improvements Other Than Buildings	193,860
Construction in Progress	120,686
Total General Fixed Assets	$ 2,281,685

Investments in General Fixed Assets from:

Capital Lease Obligations	$ 21,341
General Obligation Bonds	179,753
Federal Grants	66,016
General Fund Revenues	1,107,354
Special Revenue Fund Revenues	690,933
Gifts and Donations	44,486
Local Funds	20,302
Other Funds	151,500
Total Investment in General Fixed Assets, at Cost	$ 2,281,685

Schedule of General Fixed Assets by Function

June 30, 1991
(Dollars in Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
General Government	$ 29,824	$ 54,114	$ 221	$ 35,522	$ 119,681
Education	5,864	56,337	26	17,703	79,930
Transportation	76,154	140,163	122,690	346,898	685,905
Resources and Economic Development	61,102	31,165	24,826	69,843	186,936
Individual and Family Services	19,752	183,876	5,674	84,866	294,168
Administration of Justice	27,486	155,984	2,138	129,493	315,101
Capital Projects	28,355	372,287	38,285	40,351	479,278
Total General Fixed Assets Allocated to Functions	$ 248,537	$ 993,926	$ 193,860	$ 724,676	$ 2,160,999
Construction in Progress					120,686
Total General Fixed Assets					$ 2,281,685

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 1991
(Dollars in Thousands)

Function	(Restated) General Fixed Assets July 1, 1990	Acquisitions	Deductions	General Fixed Assets June 30, 1991
General Government	$ 129,021	$ 126	$ 9,466	$ 119,681
Education	77,540	2,733	343	79,930
Transportation	671,829	23,943	9,867	685,905
Resources and Economic Development	180,430	7,576	1,070	186,936
Individual and Family Services	282,806	12,399	1,037	294,168
Administration of Justice	331,248	991	17,138	315,101
Capital Projects	196,736	283,642	1,100	479,278
Construction in Progress	225,336	114,703	219,353	120,686
Total General Fixed Assets	$ 2,094,946	$ 446,113	$ 259,374	$ 2,281,685

Higher Education Fund

The Higher Education Funds account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Four-year State Colleges and Universities
- Christopher Newport College
- Clinch Valley College
- The College of William and Mary
- George Mason University
- James Madison University
- Longwood College
- Mary Washington College
- Norfolk State University
- Old Dominion University
- Radford University
- University of Virginia
- Virginia Commonwealth University
- Virginia Military Institute
- Virginia Polytechnic Institute and State University
- Virginia State University

Two-year Community Colleges
- Blue Ridge
- Central Virginia
- Dabney S. Lancaster
- Danville
- Eastern Shore
- Germanna
- J. Sargeant Reynolds
- John Tyler
- Lord Fairfax
- Mountain Empire
- New River
- Northern Virginia
- Patrick Henry
- Paul D. Camp
- Piedmont Virginia
- Rappahannock
- Southside Virginia
- Southwest Virginia
- Thomas Nelson
- Tidewater
- Virginia Highlands
- Virginia Western
- Wytheville

Medical Teaching Hospitals
- Virginia Commonwealth University — Medical College of Virginia Hospital Division
- University of Virginia Hospital Division

Two-Year College
- Richard Bland College

Virginia Institute of Marine Science
Virginia College Building Authority*
Center for Innovative Technology**
Innovative Technology Authority**

* The Virginia College Building Authority finances certain equipment purchases of State-supported colleges and universities.

** The Innovative Technology Authority and the Center for Innovative Technology facilitate the marketing, organization, and development of scientific research and technology by the State's institutions of higher education and private industry in the Commonwealth.

Combining Balance Sheet
Higher Education Fund

June 30, 1991
(Dollars in Thousands)

	Current Funds	Loan Funds	Endowment and Similar Funds	Plant Funds	Agency Funds
Assets					
Cash, Cash Equivalents, and Investments	$ 370,637	$ 7,035	$ 600,001	$ 282,168	$ 21,116
Taxes, Loans, Accounts, and Other Receivables (Net)	178,180	61,861	31,692	3,860	131
Due from Other Funds	34,502	489	149	4,296	18,366
Inventory	26,351	-	-	-	-
Prepaid Expenses	6,081	-	-	4,538	-
Other Assets	5,742	-	6,910	1,736	-
Property, Plant, and Equipment	-	-	-	3,525,958	-
Total Assets	$ 621,493	$ 69,385	$ 638,752	$ 3,822,556	$ 39,613
Liabilities and Fund Equity					
Liabilities:					
Accounts Payable	$ 86,763	$ 91	$ -	$ 19,639	$ 84
Deposits Pending Distribution	17,699	-	-	-	39,492
Obligations Under Reverse Repurchase Agreements	17,289	-	25,457	-	-
Notes Payable	6,500	-	-	11,723	-
Other Liabilities	108	-	80	2,803	36
Due to Other Funds	17,338	377	16,550	20,927	1
Interfund Payables	3,997	-	-	4,151	-
Deferred Revenue	53,228	-	-	-	-
Bonds Payable	-	-	2,150	638,862	-
Capital Lease Obligations	-	-	-	5,391	-
Accrued Liability for Compensated Absences	83,169	-	-	19	-
Total Liabilities	286,091	468	44,237	703,515	39,613
Fund Equity:					
Unrestricted	236,699	-	-	-	-
Restricted	98,703	-	-	-	-
U.S. Government Grants Refundable	-	56,496	-	-	-
University Funds--Restricted	-	12,421	-	-	-
Life Income and Annuity	-	-	1,685	-	-
Endowment	-	-	238,774	-	-
Quasi-endowment--Unrestricted	-	-	204,318	-	-
Quasi-endowment--Restricted	-	-	149,738	-	-
Unexpended	-	-	-	54,595	-
Renewals and Replacements	-	-	-	16,620	-
Retirement of Indebtedness	-	-	-	132,121	-
Net Investment in Plant	-	-	-	2,915,705	-
Total Fund Equity	335,402	68,917	594,515	3,119,041	-
Total Liabilities and Fund Equity	$ 621,493	$ 69,385	$ 638,752	$ 3,822,556	$ 39,613

Totals	
June 30, 1991	June 30, 1990
$ 1,280,957	$ 1,137,870
275,724	255,282
57,802	46,913
26,351	23,784
10,619	5,186
14,388	12,942
3,525,958	3,400,845
$ 5,191,799	$ 4,882,822
$ 106,577	$ 117,244
57,191	49,715
42,746	31,488
18,223	18,004
3,027	7,328
55,193	42,780
8,148	9,556
53,228	48,987
641,012	610,767
5,391	7,912
83,188	78,949
1,073,924	1,022,730
236,699	179,493
98,703	88,684
56,496	57,130
12,421	12,545
1,685	1,504
238,774	221,771
204,318	197,673
149,738	146,198
54,595	41,458
16,620	9,124
132,121	118,184
2,915,705	2,786,328
4,117,875	3,860,092
$ 5,191,799	$ 4,882,822

At the Department of Taxation, the State Tax Accounting and Reporting System (STARS) automatically generates individual income tax bills.

STATISTICAL SECTION

The financial presentations included in this section provide comparisons of economic and social characteristics and financial trends over a ten-year period. The statistical data presented are intended to give users of the financial statements, as well as the investment community, a better historical perspective and assessment of the current financial status and trends of the Commonwealth.

*****Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

Ten-Year Schedule of Revenues — Budgetary Basis
All Funds by Source(1)

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Tax Revenues:										
Individual and Fiduciary Income	$3,236.0	$3,082.2	$3,106.9	$2,757.9	$2,445.8	$2,174.3	$1,948.2	$1,770.7	$1,552.1	$1,446.1
Sales and Use	1,559.9	1,584.8	1,509.6	1,392.5	1,174.9	1,023.0	930.6	835.5	723.7	670.5
Motor Fuels	631.6	605.8	587.2	496.0	436.1	311.6	331.5	326.9	310.6	314.6
Corporation Income	279.2	310.4	349.9	336.1	318.8	280.8	287.7	242.7	183.2	177.0
Public Service Corporations	95.5	101.6	107.0	152.1	145.5	135.0	138.4	121.5	118.5	105.6
Payroll-Unemployment Compensation	126.2	140.2	138.1	148.2	171.4	213.0	281.3	280.0	199.0	172.9
Motor Vehicle Sales and Use	230.4	256.5	265.0	270.3	212.2	151.9	132.2	116.5	88.0	73.3
Gross Premiums of Insurance Companies	157.7	178.6	190.3	180.5	158.5	131.2	108.6	97.0	87.1	84.4
Alcoholic Beverage-Sales Tax	59.1	57.2	56.9	56.7	57.4	61.8	57.4	55.7	44.8	45.5
Deeds, Contracts,Wills and Suits	71.9	91.6	101.2	95.4	105.2	76.6	59.8	54.6	37.6	29.0
Beer and Beverage Excise	39.0	39.0	38.6	38.6	37.8	35.8	35.3	34.9	33.7	33.1
Estate	46.9	63.1	44.7	43.2	32.8	19.9	28.1	26.3	17.8	21.4
Tobacco Products	15.3	16.2	16.5	17.0	17.1	17.2	16.9	17.1	17.5	17.8
Bank Stock	5.1	5.2	4.9	4.3	3.8	2.9	2.6	2.4	2.3	2.6
Wine and Spirits/ABC Liter	4.9	5.1	4.9	5.1	4.8	3.2	3.4	3.2	3.8	3.0
Other Taxes	37.0	69.9	71.2	68.9	68.0	108.8	112.3	114.4	111.6	42.1
Total Tax Revenues	6,595.7	6,607.4	6,592.9	6,062.8	5,390.1	4,747.0	4,474.3	4,099.4	3,531.3	3,238.9
Other Revenues:										
Federal and Other Grants, Donations, and Federal Revenue Sharing	2,137.4	1,899.9	1,800.0	1,779.9	1,676.0	1,680.9	1,421.7	1,336.1	1,240.4	1,244.0
Institutional Revenue	1,720.5	1,577.9	1,409.7	1,291.1	1,165.7	1,048.3	933.8	856.5	734.7	669.7
Sales of Property and Commodities	810.0	507.5	483.4	259.8	346.1	259.8	250.0	250.1	261.5	258.0
Rights and Privileges	439.8	423.1	421.3	463.1	423.0	334.1	306.2	276.1	255.2	201.3
Interest, Dividends, and Rents	286.7	307.7	197.7	167.9	153.3	148.7	131.2	86.2	94.2	117.5
Fines, Forfeitures, Costs, Penalties, and Escheats	98.4	86.4	84.9	75.0	65.8	60.1	55.3	49.8	47.2	37.6
Assessments-Special Services	42.0	37.3	38.9	32.3	27.8	23.0	16.0	14.3	15.3	17.6
Other Revenues	649.9	413.7	365.5	283.6	235.6	188.3	161.6	146.6	123.7	134.5
Total Other Revenues	6,184.7	5,253.5	4,801.4	4,352.7	4,093.3	3,743.2	3,275.8	3,015.7	2,772.2	2,680.2
Total Revenues	$12,780.4	$11,860.9	$11,394.3	$10,415.5	$9,483.4	$8,490.2	$7,750.1	$7,115.1	$6,303.5	$5,919.1
Percentage Increase Over Previous Year	7.8%	4.1%	9.4%	9.8%	11.7%	9.5%	8.9%	12.9%	6.5%	2.0%

(1) Includes all Governmental, Proprietary, and Higher Education Funds
Source: Department of Accounts

Ten-Year Schedule of Expenditures — Budgetary Basis
All Funds by Function and Object[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Expenditures By Function:										
Education	$4,332.9	$4,169.0	$3,877.5	$3,538.9	$3,255.6	$2,961.1	$2,632.6	$2,356.7	$2,170.2	$2,048.9
Administration of Justice	1,020.1	964.3	857.2	763.3	692.0	626.3	548.5	502.0	480.7	429.7
Individual and Family Services	3,989.2	3,388.9	3,095.2	2,837.3	2,572.7	2,387.0	2,191.3	2,058.0	2,043.9	1,991.6
Resources and Economic Development	404.8	401.6	348.1	290.3	267.4	223.6	199.7	173.6	165.2	156.0
Transportation	1,906.8	1,913.2	1,824.9	1,715.8	1,494.2	1,330.7	1,064.0	903.0	830.0	732.0
General Government	397.3	416.5	389.7	370.0	349.1	295.5	268.7	232.4	229.9	283.5
Enterprises	885.3	765.1	725.7	607.0	576.1	507.9	485.3	452.9	432.3	306.0
Capital Projects	189.7	279.8	271.0	255.5	198.3	170.0	145.8	170.6	177.7	147.7
Total Expenditures	$13,126.1	$12,298.4	$11,389.3	$10,378.1	$9,405.4	$8,502.1	$7,535.9	$6,849.2	$6,529.9	$6,095.4
Expenditures By Object:										
Personal Services	$3,826.3	$3,567.1	$3,256.4	$2,977.6	$2,738.9	$2,473.0	$2,263.9	$2,033.5	$1,941.4	$1,911.2
Medical and Other Contractual Services	2,287.9	2,029.9	1,808.0	1,670.8	1,440.2	1,296.7	1,148.4	1,066.0	954.5	1,060.9
Supplies and Materials	662.0	661.3	613.0	575.8	523.4	538.0	522.8	495.0	477.5	527.9
Grants and Distributions to Localities	4,810.7	4,424.8	4,136.8	3,766.6	3,467.3	3,058.2	2,704.9	2,476.9	2,406.3	1,922.7
Debt Service	141.1	133.0	85.9	56.8	62.7	60.8	62.4	37.2	46.4	54.9
Rent, Insurance, and Other Related Charges	351.2	352.0	310.8	287.8	245.3	236.5	196.8	181.6	174.5	325.9
Recoveries	-	-	-	-	-	-	-	-	-	(163.8)
Land, Equipment, and Other Fixed Assets	1,069.9	1,150.7	1,200.1	1,061.4	943.7	846.7	651.7	561.8	539.6	448.4
Other	(23.0)	(20.4)	(21.7)	(18.7)	(16.1)	(7.8)	(15.0)	(2.8)	(10.3)	7.3
Total Expenditures	$13,126.1	$12,298.4	$11,389.3	$10,378.1	$9,405.4	$8,502.1	$7,535.9	$6,849.2	$6,529.9	$6,095.4
Percentage Increase Over Previous Year	6.7%	8.0%	9.7%	10.3%	10.6%	12.8%	10.0%	4.9%	7.1%	3.2%

(1) Includes all Governmental, Proprietary, and Higher Education Funds
As of July, 1982, recoveries no longer have their own object code. They are now included in each of the expenditure categories.
Source: Department of Accounts

Nine-Year Schedule of Revenues — Budgetary Basis
General Governmental Revenues by Source(1)

(Dollars in Millions)

	Fiscal Year Ended June 30,								
	1991	1990	1989	1988	1987	1986	1985	1984	1983
Tax Revenues:									
Individual and Fiduciary Income	$3,236.0	$3,082.2	$3,106.9	$2,757.9	$2,445.8	$2,174.3	$1,948.2	$1,770.7	$1,552.1
Sales and Use	1,559.9	1,584.8	1,509.6	1,392.5	1,174.9	1,023.0	930.6	835.5	723.7
Motor Fuels	624.2	599.4	587.2	496.0	436.1	311.6	331.5	326.9	310.6
Corporation Income	279.2	310.4	349.9	336.1	318.8	280.8	287.7	242.7	183.2
Public Service Corporations	95.5	101.6	107.0	152.1	145.5	135.0	138.4	121.5	118.5
Motor Vehicle Sales and Use	230.4	256.5	265.1	270.3	212.2	151.9	132.2	116.5	88.0
Gross Premiums of Insurance Companies	157.7	178.6	190.3	180.5	158.5	131.2	108.6	97.0	87.1
Alcoholic Beverage-Sales Tax	59.1	57.2	56.9	56.7	57.4	61.8	57.4	55.7	54.7
Deeds, Contracts,Wills and Suits	71.9	91.6	101.2	95.4	105.3	76.6	59.8	54.6	37.6
Beer and Beverage Excise	39.0	39.0	38.6	38.6	37.7	35.8	35.3	34.9	33.7
Estate	46.9	63.1	44.7	43.2	32.8	19.9	28.1	26.3	17.8
Tobacco Products	15.3	16.2	16.5	17.0	17.1	17.2	16.9	17.1	17.5
Bank Stock	5.1	5.2	4.9	4.3	3.8	2.9	2.6	2.4	2.3
Wine and Spirits/ABC Liter	4.9	5.1	4.9	5.1	4.8	3.2	3.4	3.2	3.8
Other Taxes	28.7	61.9	63.4	62.4	62.0	103.6	107.4	113.7	110.2
Total Tax Revenues	6,453.8	6,452.8	6,447.1	5,908.1	5,212.7	4,528.8	4,188.1	3,818.7	3,340.8
Other Revenues:									
Federal and Other Grants, Donations, and Federal Revenue Sharing	1,871.8	1,642.6	1,573.9	1,569.7	1,451.9	1,432.7	1,249.2	1,177.3	1,083.3
Institutional Revenue	271.0	250.8	226.9	231.6	218.5	200.6	180.8	186.0	149.9
Sales of Property and Commodities	80.2	7.5	10.7	6.1	91.7	5.6	6.0	5.9	3.6
Rights and Privileges	422.2	405.7	404.7	447.6	407.3	315.2	291.8	262.1	241.5
Interest, Dividends, and Rents	61.1	130.6	107.7	96.4	86.3	94.5	93.4	74.6	83.4
Fines, Forfeitures, Costs, Penalties and Escheats	61.7	55.1	53.0	48.3	42.5	39.3	36.1	31.7	29.9
Assessments-Special Services	34.5	29.8	31.4	25.2	22.1	18.8	12.3	10.6	11.9
Other Revenues	549.5	335.1	322.7	269.0	235.1	182.9	159.9	134.0	127.4
Total Other Revenues	3,352.0	2,857.2	2,731.0	2,693.9	2,555.4	2,289.6	2,029.5	1,882.2	1,730.9
Total Revenues	$9,805.8	$9,310.0	$9,178.1	$8,602.0	$7,768.1	$6,818.4	$6,217.6	$5,700.9	$5,071.7

(1)Includes all Governmental Funds
Information not available prior to 1983.
Source: Department of Accounts

Five-Year Schedule of Expenditures — Budgetary Basis
General Governmental Expenditures by Function and Object[1]

(Dollars in Millions)

	Fiscal Year Ended June 30,				
	1991	1990	1989	1988	1987
Expenditures by Function:					
Education	$2,646.8	$2,522.7	$2,362.9	$2,162.4	$1,996.6
Administration of Justice	1,012.0	956.7	849.6	756.5	685.8
Individual and Family Services	3,129.0	2,722.1	2,455.4	2,293.5	2,075.1
Resources and Economic Development	391.0	394.5	341.0	285.3	265.0
Transportation	1,796.5	1,827.9	1,778.8	1,709.1	1,476.8
General Government	372.2	392.7	367.3	348.5	329.9
Enterprises	32.6	32.6	29.4	27.7	26.5
Capital Projects	127.0	207.2	213.7	211.7	165.3
Total Expenditures	$9,507.1	$9,056.4	$8,398.1	$7,794.7	$7,021.0
Expenditures by Object:					
Personal Services	$2,065.7	$1,913.6	$1,757.7	$1,636.5	$1,502.9
Medical and Other Contractual Services	1,864.3	1,632.3	1,436.0	1,352.7	1,160.4
Supplies and Materials	238.8	252.9	226.7	208.4	177.7
Grants and Distributions to Localities	4,290.3	4,117.2	3,815.9	3,525.6	3,238.8
Debt Service	69.9	65.6	36.2	23.7	28.9
Rent, Insurance, and Other Related Charges	190.8	195.7	169.6	156.8	129.9
Land, Equipment, and Other Fixed Assets	827.2	915.0	990.4	921.3	807.9
Other	(39.9)	(35.9)	(34.4)	(30.3)	(25.5)
Total Expenditures	$9,507.1	$9,056.4	$8,398.1	$7,794.7	$7,021.0

(1)Includes all Governmental Funds
Information not available prior to 1987.
Source: Department of Accounts

Computation of Legal Debt Limit and Margin

June 30, 1991
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	1991	1990	1989
Tax Revenues Required for Computation			
Taxes on Income and Retail Sales:			
Individual and Fiduciary Income Tax (1)	$3,236,011	$3,082,187	$3,106,916
Estate Tax (2)	232	343	216
Corporate Income Tax (3)	279,235	310,422	349,919
State Sales and Use Tax (4)	1,336,475	1,357,648	1,292,898
Total	$4,851,953	$4,750,600	$4,749,949
Average Tax Revenues for the Three Fiscal Years			$4,784,167
Section 9(a)(2) General Obligation Debt Limit(5)			
Debt Limit (30% of 1.15 times annual tax revenues for fiscal year 1991)			$1,673,924
Less Bonds Outstanding:*			-
Debt Margin for Section 9(a)(2) General Obligation Bonds			$1,673,924
Section 9(b) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$5,501,792
Less Bonds Outstanding:*			
Public Facilities Bonds			44,870
Debt Margin for Section 9(b) General Obligation Bonds			$5,456,922
Additional Section 9(b) Debt Borrowing Restriction:			
Four-year authorization restriction (25% of 9(b) Debt Limit)			$1,375,448
Less 9(b) Debt authorized in past three fiscal years			-
Total Additional Borrowing Restriction (amount that could be authorized by the General Assembly)			$1,375,448
Section 9(c) General Obligation Debt Limit			
Debt Limit (1.15 times average tax revenues for three fiscal years as calculated above)			$5,501,792
Less Bonds Outstanding:*			
Higher Education Institutions Bonds		$327,616	
Transportation Facilities Bonds		159,248	
Parking Facilities Bonds		10,895	497,759
Debt margin for Section 9(c) General Obligation Bonds			$5,004,033

(1) Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the Code of Virginia
(2) Includes taxes imposed pursuant to Article 6 of Chapter 3, Title 58.1 of the Code of Virginia.
(3) Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the Code of Virginia.
(4) Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the Code of Virginia, less taxes identified in Sections 58.1-605 and 58.1-638.
(5) Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.
*Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

Ratio of General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Population(1)	General Obligation Debt(2)	General Long-Term Debt Per Capita
1991	6,230	$ 44,870	$ 7
1990	6,230	51,445	8
1989	6,097	58,020	10
1988	6,015	65,750	11
1987	5,914	72,325	12
1986	5,795	78,900	14
1985	5,720	85,475	15
1984	5,636	92,050	16
1983	5,556	104,425	19
1982	5,485	116,800	21

(1) Population figures for 1991 were not available. The 1990 population figures were used for the purpose of this calculation.
(2) Includes 9(b) debt only.
Sources: U. S. Department of Commerce, Bureau of the Census
Virginia Employment Commission
Department of Accounts

Ratio of State General Obligation and 100% State Appropriation Supported Bonded Debt Per Capita

Last Seven Fiscal Years

(Amounts in Thousands Except Debt Per Capita)

	100% State Appropriation Supported Debt							
For Fiscal Years Ended June 30,	Section 9(b) Debt	Section 9(c) Debt(1)	Virginia College Building Authority	Innovative Technology Authority	Virginia Public Building Authority	Total	Population(2)	Debt Per Capita
1991	$ 44,870	$ 497,759	$ 81,035	$ 13,100	$ 349,670	$ 986,434	6,230	$ 158.34
1990	51,445	449,987	81,035	13,300	288,905	884,672	6,230	142.00
1989	58,020	416,274	81,035	13,300	290,790	859,419	6,097	140.96
1988	65,750	338,617	87,250	-	121,380	612,997	6,015	101.91
1987	72,325	343,426	90,000	-	122,790	628,541	5,914	106.28
1986	78,900	274,912	-	-	103,450	457,262	5,795	78.91
1985	85,475	241,217	-	-	105,920	432,612	5,720	75.63

(1) This includes Parking Facilities, Transportation Facilities, and Higher Education Section 9(c) Revenue Bonds.
(2) Population figures for 1991 were not available. The 1990 population figures were used for the purpose of this calculation.
Information not available prior to 1985.

Percentage of Annual Debt Service Expenditures for Governmental Debt to Total Expenditures All Governmental Fund Types

Last Ten Fiscal Years
(Dollars in Thousands)

For the Fiscal Year Ended June 30,	Debt Service(1)	Total Expenditures(2)	Percentage
1991	$ 101,816	$ 9,220,808	1.10 %
1990	99,258	9,121,271	1.08
1989	69,075	8,211,792	0.84
1988	41,636	7,529,203	0.55
1987	59,344	6,793,003	0.87
1986	60,976	6,309,165	0.97
1985	93,539	5,625,002	1.66
1984	54,933	5,067,793	1.08
1983	65,647	4,646,094	1.41
1982	36,689	4,260,424	0.86

(1) Includes principal and interest payments to general bonded long-term debt. Includes debt that does and does not bear the pledge of the full faith and credit of the Commonwealth. The principal outstanding at June 30, 1991 was $1,043,623,000.
(2) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.
Source: Department of Accounts

Schedule of Revenue Bond Coverage[1]
General Long-Term Debt

Last Three Fiscal Years
(Dollars in Thousands Except Coverage)

	For Fiscal Years Ended June 30,	Total Receipts(2)	Authorized Payments	Net Available for Debt Service	Debt Service Requirements	Coverage(3)
POWHITE	1991	$ 6,130	$ 1,814	$ 4,316	$ 6,903	0.63
PARKWAY EXTENSION	1990	5,321	2,197	3,124	5,277	0.59
(Series 1986)	1989	3,584	1,848	1,736	5,278	0.33
DULLES TOLL ROAD	1991	$ 20,818	$ 4,509	$ 16,309	$ 7,819	2.09
(Series 1987A & 1989A)	1990	21,932	3,821	18,111	7,764	2.33
	1989	17,979	3,350	14,629	4,696	3.12

(1) Coverage relates to 9(c) Transportation Bonds which are backed by the full faith, credit, and taxing power of the Commonwealth. The Parking Facilities Bonds, Series 1991A, are 9(c) bonds that were issued in fiscal year 1991. Since there were no receipts, disbursements, or debt service requirements in fiscal year 1991, they are not included in the above schedule. The outstanding principal and interest of this debt, including the Parking Facilities Bonds, at June 30, 1991, were $170,143,486, and $107,796,861,respectively.
(2) Total receipts are toll revenues and investment income. Authorized payments are expenditures for maintenance and administration of toll highways. The Net Available for Debt Service is Total Receipts minus Authorized Payments.
(3) Ideally, the coverage number would be 1.0 or higher.
Information in this format is not available prior to 1989.
Sources: Department of the Treasury
Department of Transportation

Schedule of Revenue Bond Coverage
Public Benefit Corporations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,	Gross Revenues	Debt Service Requirements(1)	Coverage
Virginia Housing Development Authority	1991	$ 330,929	$ 91,200	3.63
	1990	317,288	88,645	3.58
	1989	304,334	80,230	3.79
	1988	279,051	77,242	3.61
	1987	253,448	73,533	3.45
Virginia Education Loan Authority	1991	$ 47,406	$ 33,810	1.40
	1990	54,594	51,545	1.06
	1989	54,373	43,735	1.24
	1988	47,725	42,600	1.12
	1987	46,527	37,280	1.25
Virginia Resources Authority	1991	$ 23,157	$ 4,330	5.35
	1990	20,094	3,230	6.22
	1989	17,160	1,900	9.03
	1988	13,722	1,555	8.82
	1987	12,014	1,081	11.11
Virginia Public School Authority	1991	$ 57,941	$ 43,224	1.34
	1990	48,815	35,170	1.39
	1989	41,483	27,560	1.51
	1988	30,676	21,400	1.43
	1987	22,739	18,640	1.22

(1) Principal requirement only; interest expense on bonds is included in operating expenses.
Information is not available prior to 1987.
Source: Department of Accounts

Schedule of Revenue Bond Coverage(1)
Higher Education Long-Term Debt

Last Seven Fiscal Years
(Dollars in Thousands)

For Fiscal Years Ended June 30,	Unrestricted Current Funds Beginning Balance(2)	Unrestricted Current Funds Operating Revenues	Unrestricted Current Funds Expenditures and Transfers	Net Available for Debt Service	Debt Service Requirements	Coverage
1991	$ 179,493	$ 1,510,342	$ 1,453,136	$ 236,699	$ 34,466	6.87
1990	159,278	1,379,513	1,359,298	179,493	29,733	6.04
1989	160,560	1,205,264	1,206,546	159,278	25,511	6.24
1988	135,340	1,081,038	1,055,818	160,560	24,484	6.56
1987	108,004	994,324	966,988	135,340	24,662	5.49
1986	84,726	952,462	929,184	108,004	20,368	5.30
1985	83,090	891,392	895,036	79,446	18,200	4.37

(1) Coverage relates to Higher Education 9(c) Revenue Bonds which are backed by the full faith, credit, and taxing power of the Commonwealth. The outstanding principal of this debt at June 30, 1991 was $327,615,834 and the outstanding interest was $184,119,607.
(2) This balance is taken from the Statement of Changes in Fund Balance of the Higher Education Fund. The 1986 beginning fund balance reflects restatement of the 1985 ending fund balance. This schedule combines funds for all Higher Education Institutions, some of which are not pledged to the repayment of Higher Education 9(c) Revenue Bonds.
Information not available prior to 1985.
Sources: Department of Accounts
Department of the Treasury

Schedule of Bank Deposits

Last Ten Years
(Dollars in Millions)

As of December 31,	Bank Deposits(1)
1990	$53,308
1989	50,074
1988	47,034
1987	43,751
1986	37,577
1985	34,757
1984	30,223
1983	27,100
1982	24,344
1981	21,704

(1)Includes only amounts deposited in insured commercial banks by corporations, governments, and individuals.
Source: Federal Deposit Insurance Corporation

Schedule of Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (In Thousands)(1)	Per Capita Income	Public Primary and Secondary School Enrollment	Unemployment Rate
1991	6,230	$19,760	998,463	5.8%
1990	6,230	19,671	985,031	3.9
1989	6,097	18,320	982,081	3.9
1988	6,015	17,090	979,209	3.9
1987	5,914	15,900	974,754	4.8
1986	5,795	14,900	968,104	5.5
1985	5,720	14,040	965,222	5.2
1984	5,636	12,980	966,110	5.1
1983	5,556	12,000	975,727	7.3
1982	5,485	11,300	989,548	6.9

(1)Population figures for 1991 were not available. The 1990 population figures were used for the purpose of this calculation.

Sources: U.S. Department of Commerce, Bureau of the Census
Department of Taxation
Department of Education
Virginia Employment Commission
Center for Public Service, University of Virginia

Schedule of Miscellaneous Statistics

June 30, 1991

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	40,767
Miles of State Highways	63,840
State Police Protection:	
Number of Stations	69
Number of State Police	1,640
Higher Education (Universities, Colleges, and Community Colleges):	
Number of Separate Institutions	39
Number of Educators	9,093
Number of Students	287,624
Recreation:	
Number of State Parks	36
Area of State Parks (acres)	53,747
Area of State Forests (acres)	51,115
Classified State Employees	96,001

Sources: Virginia State Library
Department of Transportation
Department of State Police
State Council of Higher Education
Virginia Department of Conservation and Recreation, Division of Parks and Recreation
Department of Forestry
Department of Personnel and Training

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Design and graphics by: The Office of Graphic Communications
Virginia Department of General Services

Typesetting by: Marianne P. Madison, Department of Accounts

Printing by: Carter Printing Company

This report was prepared by the Department of Accounts,
Financial Reporting Unit, P. O. Box 6-N, Richmond, Virginia 23215.
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